

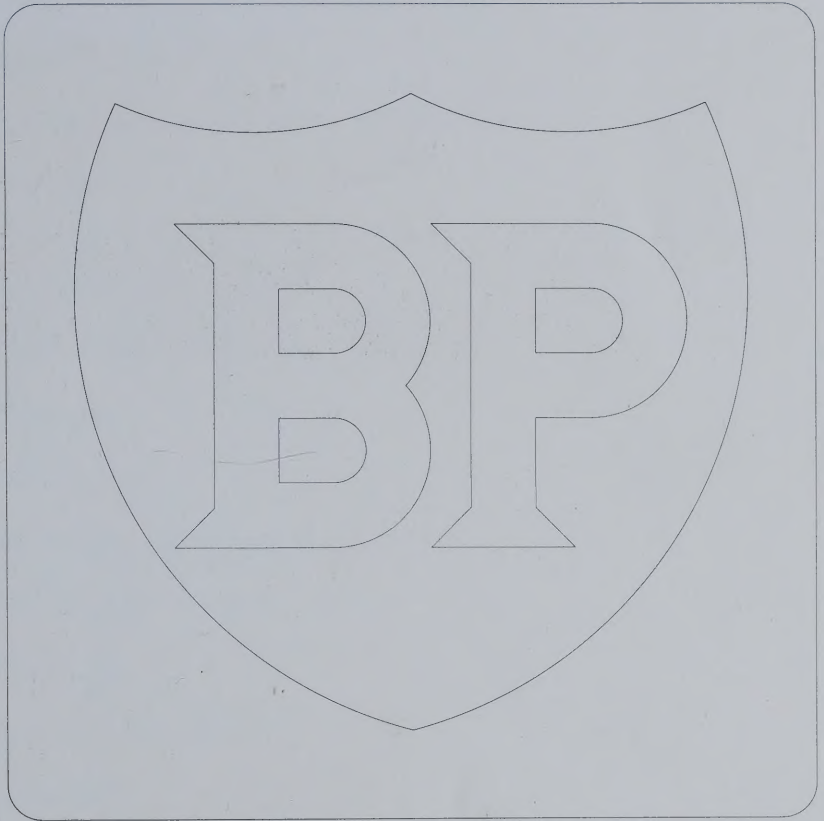
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**Annual Report and Accounts for 1969**  
**The British Petroleum Company Limited**

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## About BP

The British Petroleum Company Limited, which is the parent company of the group, was incorporated as Anglo-Persian Oil Company in 1909 following the discovery of oil in commercial quantities in Iran. One of the original stockholders was The Burmah Oil Company which still owns about 23 per cent of the ordinary capital. In 1914 the British government acquired a controlling interest in the company and now holds nearly 49 per cent of the ordinary stock. The company's articles of association were amended to give the government the right to nominate two members of the board with power to veto any resolution. This has never been used and the government has pledged itself not to interfere in the company's commercial affairs.

The parent company does not trade, but is a holding company with investments in numerous subsidiary and associated companies, of which the more important are listed on pages 48 to 53. The parent and its subsidiary companies comprise the BP group which is one of the largest integrated oil groups in the world, engaged in all phases of the oil industry, exploring for, producing, transporting, refining and marketing crude oil, products, chemicals and gas. Some of these activities are carried on by associated companies, that is where BP's interest is not more than 50 per cent. Many of these are effectively partnerships with other oil groups.

Most of the group's crude oil is produced in the Middle East – Iran, Iraq, Kuwait, Qatar and Abu Dhabi, the other major areas of production being Libya and Nigeria. Independent authorities estimate that BP has access to some 20 per cent of the crude oil reserves outside the Soviet bloc and China. It is exploring in many other parts of the world, notably in Alaska where the group found oil in 1969.

The group has over 4 million tons of shipping together with about 6 million tons on long-term charter. It also has interests in many pipelines. To manufacture petroleum products it owns 15 refineries and has a considerable number of joint refining interests. Products are sold in many parts of the world, and a large part of the sales takes place in Europe. In the UK sales are handled by Shell-Mex and B.P., of which the Royal Dutch/Shell group owns 60 per cent and the BP group 40 per cent. In the USA BP's main interest is its stockholding in The Standard Oil Company (Sohio).

Since 1945 the group has invested heavily in petroleum chemicals in the UK and in several countries overseas, and these interests were further extended by the purchase from Distillers in 1967 of most of their chemical assets. This part of BP's business consists of making bulk organic chemicals, plastics and synthetic rubbers which are sold to customers throughout almost the entire range of manufacturing industry.

BP has important research centres in the UK and elsewhere in Europe which, among other things, have developed new processes for the manufacture of protein.

# **The British Petroleum Company Limited**

Notice is hereby given that the sixty-first annual general meeting of the Company will be held at Britannic House, Moor Lane, London EC2, on Thursday 30 April 1970, at noon, for the transaction of the following business:

- Resolution 1    **To consider and adopt the report of the directors and the accounts for the year ended 31 December 1969**
- Resolution 2    **To declare a dividend**
- Resolution 3    **To re-elect Mr W J Keswick a director**
- Resolution 4    **To re-elect Lord Cobbold a director**
- Resolution 5    **To fix the remuneration of the auditors**

By order of the Board  
K H Parke, Secretary

Britannic House, Moor Lane, London EC2  
6 April 1970

A member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A form of proxy is on page 55.

A holding of debenture stock does not entitle a person to attend or to be represented at the meeting.

The dividend, if approved, will be paid on 7 May 1970 to stockholders on the register on 10 April 1970 which will include transfers accepted for registration on that day.

The following information which is available for inspection during business hours at the office of the Registrar, Britannic House, Moor Lane, London EC2, will also be available for inspection at the place of the annual general meeting from 11.45 am until the conclusion of the meeting:

1. Register of interests of directors (and their families) in the share capital and debentures of the Company and its subsidiaries.
2. Copies of all contracts of service whereunder directors of the Company are employed by the Company or any of its subsidiaries.



## Board of Directors

**\*A E C Drake** CBE Chairman

**\*R B Dummett** Deputy Chairman

**\*A F Down** OBE, MC, TD Deputy Chairman

**\*G F Ashford** OBE

**\*D W K Barker**

**The Rt Hon Lord Cobbold** PC, GCVO

**\*The Hon W Fraser** CMG, OBE, TD

**Sir Frederic Harmer** CMG

**The Earl of Inchcape**

**W J Keswick**

**R P Smith**

**\*D E C Steel** DSO, MC, TD

**Sir John Stevens** KCMG, DSO, OBE, TD

**The Lord Trevelyan** GCMG, CIE, OBE

**\*managing director**

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**Secretary** K H Parke TD

**Registered Office** Britannic House, Moor Lane, London EC2

**Bankers** National Westminster Bank Ltd

**Solicitors** Linklaters & Paines

**Auditors** Whinney Murray & Co

## Chairman's statement to Stockholders

Last May Sir John Stevens was nominated by HM Government as a director. We welcome his presence, and are finding that his wide experience, notably at the Bank of England and as British Economic Minister in Washington, is of great value to us.

We have just learnt that at the end of the current term of appointment of Sir Frederic Harmer, which expires in May, HM Government has nominated Mr. Robin Brook to succeed him and we look forward to his presence on our Board. Sir Frederic was nominated a director in 1953, so that effectively he has been with us from the time of the Abadan affair until the launching of our Alaskan venture, a period of seventeen years. Throughout this time his services have been invaluable to us and we have all greatly benefited from his wide knowledge, not only of Whitehall but of the shipping industry and of the world of finance.

This year we are presenting our report in a new form which we hope you will agree is an improvement. We shall in future be issuing quarterly statements of the group's income, which we believe stockholders will find helpful. That we should do so is also a requirement of the New York Stock Exchange, where our stock is now quoted, as there are over 30,000 holders of our stock in the US.

Freight rates during 1969 were still very high compared with those before the closing of the Suez canal, and prices, especially of products, were considerably reduced. Total sales were higher, both in value and in volume, than in 1968, and unit costs were lower, particularly operational savings under nearly all headings of expenditure, amounting in all to about 13 shillings per ton. But this was not enough to offset a fall in net proceeds of over 15 shillings per ton. It is regrettable that, as I forecast in September, our net income in the second half of 1969 should have been depressed by the continued erosion of prices and high freight rates. On the other hand, by the end of this year we hope to have 21 very large crude oil carriers in service. This should reduce unit costs still further, and we can reasonably hope for some benefit from the short haul crude oil to which we again have access in Nigeria now that hostilities have ceased.

Last year I indicated that, but for the government's dividend restraint policy, the figures would have justified a higher distribution. This year the amount available for distribution is about the same as for 1968, and we are now recommending that the final dividend should be increased by 2d to 1s 10d net per unit of stock.

Our new ventures in the USA have not of course been able to make any contribution to our earnings as yet. Indeed it will be 2 or 3 years before we can hope for anything from this source. But in considering our results, we should I think remember what astonishing progress has been made with our plans in the US. We now hold some 25 per cent of the share capital of The Standard Oil Company – Sohio. This has been obtained by a relatively small outlay in hard cash – something of the order of \$25 million. The remainder has been obtained by borrowing, which has meant a significant addition to our long-term debt. The counterpart of this additional liability is our stake in Sohio, which stands at £186 million. As you know, the size of this stake will increase when the Alaskan pipeline is in operation. We do not of course reflect in our accounts the value of our interest in the reserves on the North Slope, any more than those to which we have access elsewhere.

Until oil begins to flow from Alaska, we cannot expect developments as dramatic as those of last year. In the meantime we shall be engaged



in the process of consolidating the company's progress. Excluding what has to be spent in the US, our capital expenditure this year will probably exceed the figure for 1969 of £244 million. But during the past 2 years our cash flow has been on a much higher level than before. This basic trend should continue, though 1970 will be the last year in which we shall be receiving compensation from the Iranian consortium, and we are now beginning to feel the effect of the additional taxation imposed by the Finance Act of 1965. Meanwhile, our contribution to the UK balance of payments has again increased, and amounted last year to £155 million, excluding sums arising from the disposal of assets.

In my statement last year I said in the context of our American venture that the challenge which faced all of us in the group was immensely stimulating. It would be an understatement to say the response was encouraging, and I believe the tests of 1969 have proved that the group possesses a large fund of talent and energy capable of bearing an unusually heavy burden. The challenge of the 1970s will be no less stimulating. I am confident that the response of the men and women who work in the group will be equal to it.

ERIC DRAKE

19 March 1970



## Highlights

	1969	1968
<b>Sales</b>		
Million long tons	<b>162</b>	142

### Net income

£ million	<b>97</b>	101
Per unit of ordinary stock	<b>5s 5d</b>	5s 8d
As a percentage of average net assets (stockholders' interest)	<b>7.7%</b>	8.6%

### UK transitional relief

£ million	<b>26</b>	28
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### Ordinary dividends net

Interim paid	<b>8d</b>	8d
Final recommended	<b>1s 10d</b>	1s 8d
	<b>2s 6d</b>	2s 4d

<b>Return after tax on average capital employed</b>	<b>7.2%</b>	7.8%
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### Capital expenditure

£ million	<b>244</b>	213
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### Contribution to UK balance of payments

£ million	<b>155</b>	147
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## Report of the Directors

### Developments in the USA

The directors submit their sixty-first annual report and the accounts for the year ended 31 December 1969.

Last year's report referred to the discovery of oil in Alaska in March 1969 by BP Oil Corporation (BP Oil) and to the purchase by that company from Atlantic Richfield Company of assets in the eastern states of America.

The merger of BP Oil and other BP interests in the USA with The Standard Oil Company of Ohio (Sohio), which was announced in June 1969, was not completed until 1 January 1970 because the US Department of Justice maintained that it would violate the US anti-trust laws. Their objection was removed by a Consent Decree under which Sohio is required to divest itself, by sale or exchange, of taxable motor fuel sales volume in Ohio of 400 million gallons annually and of service stations of either BP Oil or Boron Oil Company in Western Pennsylvania. These divestitures must take place under stated conditions over a four year period and are subject to the approval of the Justice Department or the court.

Your group's principal interest in the USA is now the stockholding in Sohio shown separately in the accounts. Under the terms of the acquisition agreement BP Oil was in effect operating for the account of Sohio as from 1 April 1969, and the results of this company and certain minor subsidiary companies are therefore included with those of Sohio, on which further information, particularly regarding drilling operations in Alaska, is given on pages 44 to 47, being extracts from Sohio's annual report and accounts to its stockholders.

As a major stockholder your company now has two representatives on Sohio's board of directors.

The special stock of Sohio received on completion of the merger initially entitles the group to the same rights (except as to dividends) as approximately a 25 per cent common stock interest in Sohio. This interest will however rise with increases in the sustainable crude oil production from BP Oil's Prudhoe Bay properties, or in certain circumstances from other Alaskan properties, to a maximum of approximately 54 per cent if such production (net of one eighth royalty owned by the State of Alaska) reaches 600,000 barrels per day prior to 1 January 1978. The Sohio special stock will become entitled to dividends on 1 January 1975 or the date on which net production reaches 200,000 barrels per day, whichever is the earlier.

The agreement with Sohio provides that the BP group shall retain the liability of £167 million (\$400 million) payable under deferred terms for the assets acquired from Atlantic Richfield. \$113.8 million of this was paid off early in 1970 from funds drawn under the \$150 million Eurodollar facility referred to in last year's report and used temporarily in the USA pending the completion of the merger. The balance of the facility has been drawn in 1970.

The Sohio special stock is shown in the accounts at its cost to the group of £186.4 million (\$447 million) which includes the \$400 million purchase of the Atlantic Richfield assets and capitalised interest. The stock is pledged as collateral to secure the amount now owing to Atlantic Richfield. A note on these matters appears in the notes to the accounts on page 29.



## **Trading conditions and results for the year**

BP Oil, which is now owned by Sohio, holds the leases of about 96,000 net acres in the Prudhoe Bay oil discovery area and varying interests in other North Slope of Alaska leases. The development of BP Oil's Prudhoe Bay leases is proceeding. Present indications are that the reserves in these leases will support a production rate that will enable the group to attain the maximum interest in Sohio as foreseen in our agreement.

BP Alaska, a wholly-owned subsidiary of the group, retained certain interests in Alaska after the merger. These include a provision that if, for example, production from BP Oil's Prudhoe Bay leases eventually exceeds 600,000 net barrels a day (or, if lower, the level of production on which the group's stockholding is finally determined) then BP Alaska has a royalty interest equivalent to 75 per cent of the net profits from such excess production up to 1,050,000 net barrels per day. The remaining 25 per cent interest will accrue to Sohio, but the group will share in this through its stockholding. In addition, BP Alaska has a working interest of up to 75 per cent in BP Oil's other Alaskan leases. BP Alaska, under agreements with BP Oil, is the operator for the Prudhoe Bay field and other Alaskan properties.

Discussions have been proceeding about the Trans Alaska pipeline. There remain certain difficulties over the issue of a permit, but we hope that they will shortly be resolved. The proposed pipeline will be a 48 inch diameter crude oil line extending 800 miles from the North Slope of Alaska to the ice-free port of Valdez on the Gulf of Alaska. Sohio has a 27.5 per cent interest in the Trans Alaska Pipeline System.

Although supply costs remained higher than before the Middle East war, this did not prevent a decline in prices which fell further in 1969, especially in Europe. In the United Kingdom the Government's removal of the Suez surcharge further reduced our margins.

Freight rates decreased in 1969 but not to the levels ruling before the Suez closure and the European supply costs were also inflated by the need to use the Cape route. The war in Nigeria made it impossible to lift as much as we planned to take of this short haul crude oil.

The reduction in selling prices in 1969 caused a fall of over 15 shillings per ton in our net sales proceeds when compared with 1968, and consequently this figure at £1,426 million shows an increase of only £68 million although the tonnage of sales for the year shows a 20 million ton increase to 162 million tons.

Operating costs, despite the continuation of relatively high freight rates and the long Cape haul, showed a reduction of nearly 10 shillings per ton, but this was insufficient to match the drop in sales proceeds. After taxation the return per ton was reduced to the very low figure of 12 shillings.

It is disappointing that after the good start to 1969 the results for the second half have been, as foreseen in the half-yearly statement, so badly affected by price reductions which far exceeded reductions in costs.

Results for the year were:	<b>1969</b>	1968
	<b>£m</b>	£m
Income before taxation	<b>356·0</b>	345·8
Less: overseas taxation	<b>259·1</b>	241·6
Income after overseas tax	<b>96·9</b>	104·2
Less:		
UK taxation	—	0·2
Minority interests	<b>0·1</b>	2·8
Net income of the group	<b>96·8</b>	101·2
Transitional relief	<b>25·8</b>	28·0
Profit on sale of production interests in Dubai and Trinidad	<b>5·8</b>	—
Income for allocation	<b>128·4</b>	129·2

#### Income allocation and dividends

Of the total available for allocation £48·3 million is retained in subsidiary companies and £80·1 million is dealt with in the accounts of the parent company. The gross preference dividends and the gross interim ordinary dividend of 1s 1·617d (8d net) per £1 stock unit aggregate £21·3 million.

Your directors recommend a gross final dividend which will, after the deduction of income tax at the then standard rate on the date of payment, result in a net payment to ordinary stockholders of 1s 10d per £1 unit of ordinary stock. This, assuming that the standard rate of income tax remains at 8s 3d in the pound, is a gross rate of 3s 1·447d per £1 stock unit, and amounts to £56·0 million.

Total net payments to ordinary stockholders for 1969 will amount to 2s 6d. Total net payments in 1968 were 2s 4d per £1 unit of stock.

#### Transitional relief

The amount of transitional relief brought into these accounts consists of two figures, namely £12·5 million relief commonly known as “overspill” and a part-usage £13·3 million of a balance available in respect of a one-year surplus claim made three years ago. In 1970, assuming no change to the rate of corporation tax, the overspill relief amount will be approximately £9·4 million, thus reflecting a further 20 per cent reduction in the relief available to which will be added £7·4 million being the remainder of the one-year surplus claim. In 1971 the overspill relief claim will be reduced to approximately £6·3 million and in 1972 to £3·1 million which, under existing legislation, will be the final amount receivable.

#### Overseas taxation and royalties

Of the £259·1 million overseas taxation, £252·3 million relates to the Middle East, Libya and Nigeria where payments in the nature of royalties of £110·3 million have also been made and are taken into account prior to arriving at the income before taxation. The total Middle East, Libyan and Nigerian taxation and royalties for 1969 is therefore £362·6 million (£329·6 million for 1968).

#### Receipts from Iranian consortium members

£26·4 million was received during the year from the Iranian consortium members under the terms of the 1954 agreement and this amount has been credited direct to reserve by the parent company. At the present exchange rate with the US dollar, £28·8 million remains to be received mainly in 1970.



## **Capital expenditure and finance**

Capital expenditure by group companies in 1969 amounted to £160.0 million and the group's proportion of capital expenditure by associated companies was £84.1 million, these totalling £244.1 million (£212.9 million in 1968). Investment grants in respect of capital expenditure incurred during 1969 in the UK and North Sea area and on shipping are estimated at £21.1 million.

Once again, capital expenditure (outside the USA) at £244 million did not increase as much as was expected but was 15 per cent higher than in 1968 and it is expected to increase again in 1970. Cash flow, including investment grants, at £229 million, was similar to last year.

Finance requirements of the group outside the USA did not call for any major fund raising operation during the year.

Within the USA the major part of the indebtedness incurred for the assets acquired from Atlantic Richfield is a deferred liability (included in long-term debt) and finance amounting to £45.8 million (\$110 million) was raised to meet the balance of our requirements.

## **Contribution to the balance of UK payments**

About 90 per cent of the group's trade of 161.9 million tons is carried on overseas and the majority of the crude oil and products concerned is neither imported to nor exported from the UK. The group's UK exports consisted of approximately 9 million tons of oil products, the value of which, given to comply with the requirements of the Companies Act 1967, was £83.7 million. The value of chemical exports was £15.9 million.

The oil export figure given above is not indicative of the group's contribution from oil activities to the UK balance of payments which for 1969 is estimated at £155 million.

£89 million of this contribution arises from overseas trade (including sales of quantities exported from the UK) less capital investment abroad, to which is added £40 million representing the estimated saving to the country by reason of the group importing oil to the UK for consumption as compared with the foreign exchange cost of buying the same quantity from a foreign based oil company. There is also a further £26 million representing the approximate saving of overseas expenditure by reason of carrying the oil in British flag tankers and the value of British materials exported for our account by contractors.

The 1969 estimated contribution of £155 million compares with a revised figure of £147 million for 1968.

## **Alexander Duckham & Co. Limited**

The offer made towards the end of 1969 to acquire the whole share capital of Alexander Duckham & Co. Limited was successful. Over 90 per cent of the shareholders have accepted and the remaining shares will be acquired under the power conferred by Section 209 of the Companies Act 1948. Approximately 2.1 million ordinary stock units have been or are being issued, and these rank for payment of the recommended final dividend.

In 1969 Alexander Duckham held about one quarter of the UK retail automotive lubricants market and it is intended that the company will continue to sell its own brands independently of our other lubricants business.

Sales

Group Sales

Sales by the group of crude oil, refined products and chemicals rose by 14.1 per cent to a total of 161.9 million tons. The following table gives a geographical breakdown of these sales excluding those in the USA, which are dealt with by Sohio:

		million tons	
Product sales (including chemicals)		1969	1968
UK		15.9	15.3
Europe – Common Market		32.3	29.1
Other Europe		15.2	13.6
Africa and Middle East		4.0	4.0
Asia and Australasia		7.8	6.9
North and South America		5.1	5.1
International bulk trade and bunkers		14.5	12.6
Total		94.8	86.6
Crude oil		67.1	55.3
Total group sales		161.9	141.9

Figures for the ten years to 1969 are given on pages 40 and 41.

Crude oil

Sales of crude oil, which are important to us in both volume and profit, rose 21 per cent over 1968. More than 50 customers were supplied and 20 grades were delivered in 1969.

We have negotiated an important medium term contract with Chile.

Products

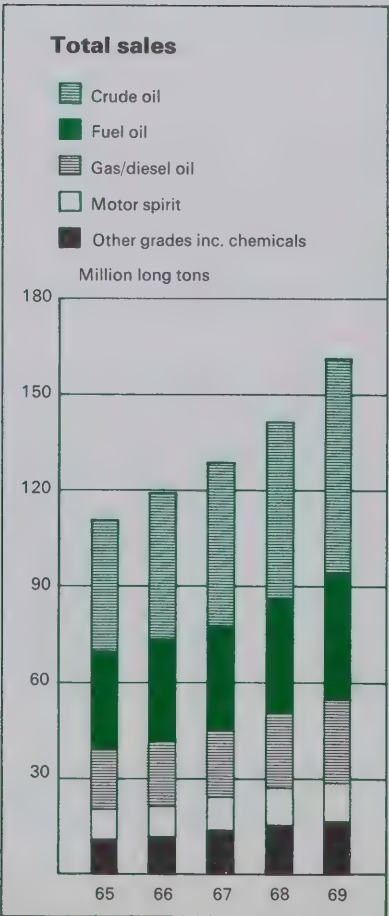
Product sales, including supplies to associated chemical companies of the group whose sales figures are not consolidated, at 93.3 million tons showed an increase of 9.4 per cent.

Chemicals

Sales of chemicals by subsidiary companies were 1.5 million tons, and by associated companies 1.7 million tons, giving a total of 3.2 million tons compared with 2.9 million tons in 1968. Consumption of petroleum feedstocks in our chemical operations was 3.5 million tons (3.3 million in 1968).

Natural Gas

Natural gas sales amounted to 96,621 million cubic feet, compared with 87,717 million cubic feet in 1968. Of this total 56,700 million cubic feet came from the North Sea.





**Petroleum operations**

**Production**

In nearly all areas where the group has the right to lift oil, operations are conducted jointly with other oil companies. The table on pages 40 and 41 shows the total production in the main areas by the oil production companies in which your group has an interest. In 1969, the group lifted 159 million tons from its own resources of oil. Of this 141 million tons came from the Middle East, 17 million tons from African countries and 1 million tons from other areas. The comparative total in 1968 was 142 million tons.

In Iran, exports of crude oil and products were 141 million tons in 1969, an increase of 15 per cent over 1968, and 10 million tons were supplied to the National Iranian Oil Company.

In Kuwait, 126 million tons of crude oil and products were exported or sold to the Kuwait National Petroleum Company's refinery, an increase of 6 per cent over 1968.

Crude oil exports from Iraq were 70 million tons, and from Qatar 9 million tons.

Exports from Abu Dhabi in 1969 were 17 million tons from onshore areas (14 per cent increase) and 11.5 million tons (32 per cent increase) from offshore areas.

Our interest in Dubai Marine Areas was sold to the other shareholder, Cie. Française des Pétroles.

New production facilities in Libya, which were virtually completed in 1969, have raised the production capacity of the jointly-owned Sarir field to 400,000 barrels a day. Crude oil exports from this field were 15.2 million tons (3.5 per cent increase).

In spite of the war in Nigeria, production was raised well above that of 1968 and amounted to 17.6 million tons.

In Britain, sales of North Sea gas, 56,700 million cubic feet, are to be compared with 46,000 million in 1968. On land 76,000 tons of crude oil were produced (10 per cent decrease).

In Canada, production approximated to 800,000 tons of oil, 18,000 million cubic feet of gas and 61,000 tons of sulphur. Triad Oil is raising money by an issue of share capital to repay outstanding notes, and the approval of the shareholders will be asked for the company to change its name to BP Oil and Gas. With effect from 1 January 1970, Triad acquired from BP Canada the producing properties and some exploration properties of BP Exploration Canada for an issue of Triad common stock.

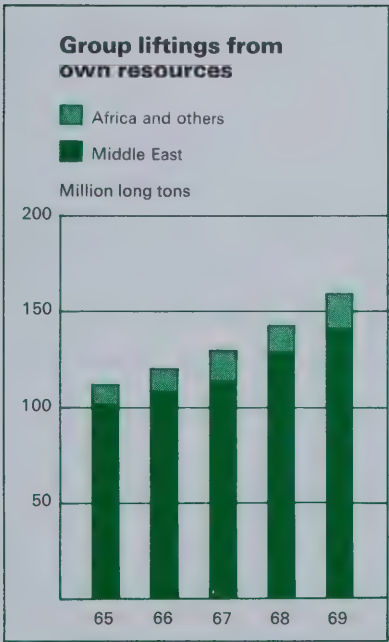
The group's share of production in Colombia was about 200,000 tons.

Our Trinidad production interests have been sold to the government of Trinidad and Tobago for a cash payment which was made in July 1969 and for crude oil, delivery of which was completed this year.

**Exploration and development**

Two exploration wells were completed on land, one of which proved oil and the other is still being appraised. Three exploration wells offshore revealed additional oil-bearing structures.

Geological and geophysical surveys continued in Papua and at the year-end preparations were in hand for further drilling. On the Australian mainland 2 dry holes were drilled in the Otway basin. No commercial discovery has resulted from drilling in the north-west offshore concession in which we are interested.

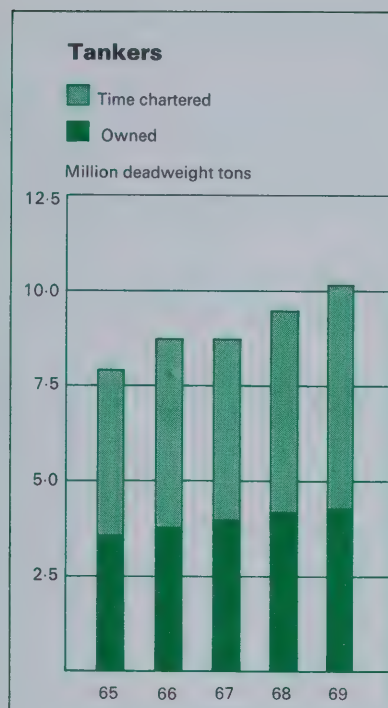


Abu Dhabi

Australia and Papua

Canada	Exploration was resumed in 1969 in the North West Territories in association with others. In Alberta and Saskatchewan small discoveries were made in the Manito Lake area, but remain to be evaluated. An agreement has been made with the Ethyl Corporation for joint exploration in Alberta.
Colombia	Five producing wells were drilled in the Provincia/Bonanza fields. One exploration well was abandoned.
France	Two test wells drilled jointly with Cie. Française des Pétroles in the Gulf of Lions were dry. C.F.P. (Métropole), in which we have a small interest, drilled one dry hole onshore near Marseilles and has acquired a marine permit to the east of Corsica.
Germany	A deep test well in West Berlin was dry. Elsewhere in the Federal Republic 3 wells found gas which will probably prove commercial.
Holland	Work has been suspended in marine areas held from the Netherlands government following a ruling of the International Court of Justice.
Iran	Exploration wells drilled at Karun and Sarkan both discovered oil. Gas was encountered at Gevarsin, Qishm island. The natural gas liquids plant is due for completion early in 1970.
Italy	The consortium in which we have an interest explored in the northern Apennines. We have made a seismic survey in our areas in the northern Adriatic.
Kuwait	A marine seismic survey was carried out in Kuwait bay, as was an aeromagnetic survey of Kuwait, the latter in conjunction with the Kuwait Spanish Petroleum Company. An exploration well is now being drilled on Bubiyan island.
Libya	Work continues on the gas condensate recovery plant in the Sarir oilfield. Seismic work continued in our wholly-owned concessions 80 and 81. Of 12 holes drilled in the former, 10 were dry and 2 were potential small producers, but we have not yet proved commercial oil.
New Zealand	Off the west coast of the North Island the Shell-BP-Todd joint venture has now completed 3 wells on the Maui structure, which have proved a field with sizeable reserves of gas and condensate. An accompanying show of crude oil is probably uneconomic. Our interest in the South Island onshore licences has been allowed to lapse.
Nigeria	Three new fields have been discovered in the Mid-West: Escravos Beach, Otumara and Sapele.
UK	A third drilling and production platform was placed in the West Sole area of the North Sea, from which the first well gave an encouraging gas flow. Three dry holes were drilled on land.
USA	<p>The changes which have occurred in the ownership of our interests in Alaska and Louisiana are dealt with elsewhere. In March 1969 BP Oil announced that its first well in the Prudhoe Bay area had discovered oil. Details of drilling in this area are given on page 45.</p> <p>In association with Gulf Oil, BP Alaska and BP Oil successfully bid for 6 blocks, totalling 15,300 acres, in the Colville area in September, in which Gulf are preparing to drill. Our contribution to the cost of these blocks was just under \$3 million together with our seismic and other information about the area. A well drilled by BP Alaska with Atlantic Richfield in the Colville area found hydrocarbons.</p>
Other Areas	Further survey work has been carried out in the Gambia, Kenya, Thailand, South Africa and South West Africa, and work has begun in eastern Turkey.





## Sea transport

At the end of 1969, BP's fleet, and those of its subsidiary and associated companies, totalled 135 ships of 4,278,000 tons\* compared with 132 of 4,179,000 tons at the end of 1968. During the year 4 new vessels totalling 96,000 tons were commissioned and one associated company vessel of 17,000 tons was sold. Adjustments to conform with new load-line regulations accounted for a further increase of 20,000 tons. We also had 5,845,000 tons of shipping on long-term charter and others on short-term. An analysis by size of owned and time chartered vessels is given on pages 42 and 43.

The group has under construction or on order 12 product carriers totalling about 300,000 tons, 2 vessels of 240,000 tons each and 7 of about 215,000 tons each. We have arranged to charter a further 22 very large crude carriers of which 6 are already in service. In the USA some 100,000 tons are on long-term charter operating for Sohio on the east coast. A considerable amount of US flag shipping will be required for moving oil from Alaska to the US mainland and in 1969 the long-term charter of two vessels of 80,000 tons each and two of 60,000 tons was arranged. We contributed to the experimental voyage of the US tanker Manhattan through the North West Passage last summer. The results are being evaluated to see whether this route between the Arctic and the Atlantic will prove practical and economic.

There have recently been some serious explosions in very large tankers belonging to other owners, and since this is a matter of concern to the whole industry, we are co-operating with them in research to discover the cause.

\*Shipping tonnages given throughout in deadweight tons.

## Pipelines

The Belgian and Netherlands governments have now approved the construction of a 34 inch crude oil pipeline, 75 miles long, which will enable supertankers to unload crude oil for Antwerp at Rotterdam. The line, due for completion in mid-1971, will have an initial capacity of about 20 million tons per annum, rising to some 39 million tons per annum. BP's share in this £11 million project is 27.8 per cent, the other partners being Petrofina, Esso and Chevron.

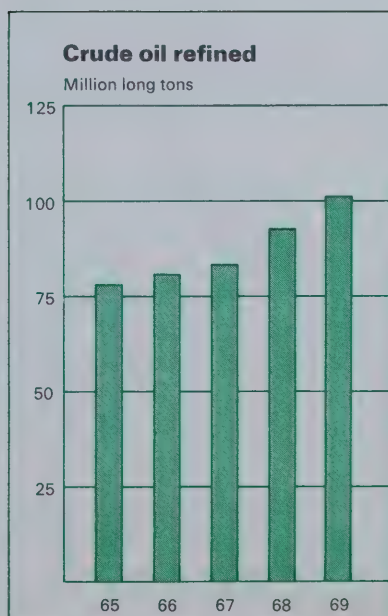
In Germany we have associated with Esso in a company to study the economics of a pipeline to permit crude oil unloaded at Wilhelmshaven from large tankers to supply refineries at Hamburg.

Early in 1969 we commissioned the products link from our Rotterdam refinery to the Rhine-Main products line. The Mediterranean-Rhône products line, in which we have 8.5 per cent interest, was also completed.

## Refining

During 1969 95 million tons of crude oil were processed in refineries which are either wholly-owned or in which the group has an interest. A further 6 million tons were refined for the group by other refiners. The total of 101 million tons compares with 93 million tons in 1968. An analysis by area is given on pages 42 and 43.

The number of wholly-owned refineries is now 15 and outside the USA, there are 25 partly-owned. There are also in the USA those at Toledo and Lima resulting from our merger with Sohio and those at Port Arthur and Marcus Hook, which were acquired as a result of the earlier Sinclair-Atlantic Richfield deal, and which have now been transferred to Sohio.



Africa	At Durban the catalytic cracker and alkylation unit have been commissioned and expansion of crude oil capacity is being considered, as also at Abidjan, Ivory Coast, and Tamatave, Madagascar. A lubricating oil plant is being built at Mombasa. The partly-owned refineries at Umtali, Rhodesia and at Port Harcourt, Nigeria were inoperative throughout 1969, but it is hoped to bring the latter into operation, at the higher capacity of 2·4 million tons per annum, in the second quarter of 1970.
Australia	Expansion of the catalytic reformer is almost complete at Kwinana in Western Australia, where we also intend to increase crude oil distillation capacity.
Canada	At Montreal a hydrofiner for gas oil treatment, a liquid petroleum gas plant and bitumen production facilities have been installed. The second distillation unit has been modified to raise the capacity of the refinery to 3·3 million tons per annum.
France	The Lavéra refinery is to be expanded from 4·9 million to 11 million tons per annum by 1972. A new power station and hydrocracking complex, due for completion in 1971, will also be added. The 3·5 million tons per annum Vernon refinery, near Paris, has been commissioned.
Holland	The expansion of the Rotterdam refinery from 4·5 million to 13·5 million tons per annum is now in progress.
Italy	The Volpiano refinery near Turin with a planned capacity of 3·5 million tons per annum, should be completed in 1971. Work has begun on a catalytic reformer at Venice, where additional facilities planned for 1970 will allow a throughput of 4·5 million tons per annum.
Singapore	The crude oil distillation capacity is being raised from 0·9 to 1·2 million tons per annum, and a 10,000 tons per annum liquid petroleum gas plant is planned.
Switzerland	Capacity at the partly-owned refinery at Aigle is being expanded from 2·3 million to 3 million tons per annum.
Turkey	The capacity at the Mersin refinery has been raised from 3·2 to 4·5 million tons per annum.
UK	At Grangemouth the new major plants, which will double the capacity to 9 million tons per annum and produce a wider range of products, should be completed before the end of 1971. Work has begun on expanding the lubricating oil capacity at Llandarcy.
Other Projects	Work has begun on partly-owned refineries at Larnaca, Cyprus and Graz, Austria.  Tankers over 200,000 tons are now using Angle Bay, Finnart and Rotterdam. At Durban work is well advanced on a single-point mooring buoy for tankers of this class. A new deep-water harbour has been completed at Venice.

### **Marketing**

We have developed the trend towards self-service and the use of highly successful blender pumps in service stations.

Our Autosshops are firmly established and an increasing range of car-care products is being developed for manufacture by ourselves. In domestic heating, greater stress has been placed on the range and quality of consumer services.

In our sales of bunkers we are keeping pace with changing patterns of sea transport.

Operating costs have been reduced by economies in packaging, automation and the use of materials, such as plastics, manufactured by the group. Special attention has been given to improving safety performance and to research on different retail outlet designs.



Although increased competition has tended to reduce the market share of the leading companies such as Shell-Mex and B.P., which markets our main products in the UK, the BP retail division of Shell-Mex and B.P. increased its share of the motor spirit market for the second year running.

Our liquid detergents are currently supplying some 15 per cent of the UK household liquid detergent market.

Our marketing interests in the USA, which are reviewed elsewhere in the report, have been merged with those of Sohio. In 1969 a conversion of former Sinclair sites to the BP brand was begun, supported by a publicity campaign. A separate campaign was started for conversion to the BP home heat service. Air BP representation was introduced at 3 major airports in the New York area.

In the Middle East, the increase in our service station network has kept up with the completion of new roads, particularly on the Trucial Coast. Plans are well advanced for bitumen plants in Dubai and Abu Dhabi.

We have opened a new lubricant blending plant at Port Swettenham, West Malaysia. BP Australia secured the largest petroleum contract ever awarded in Australia, worth nearly £20 million, for the long-term supply of products to the Nabalco mineral operation.

### **Research and engineering**

Increasing research is being undertaken to reduce atmospheric pollution, and solve problems associated with the pollution of the sea by oil. The BP research centre at Sunbury has been collaborating with British car manufacturers, who must meet stringent anti-pollution requirements in export models, especially for the USA. This has involved testing various engine modifications to reduce unburnt hydrocarbons, oxides of nitrogen and carbon monoxide in the exhaust gases. BP has continued to play a leading part in dealing with spillages of oil at sea. We have developed BP 1100, a low toxicity dispersant effective in cleaning oiled beaches.

Research and development work has continued on protein. The first commercial unit, with a capacity of 4,000 tons per annum in the Grangemouth refinery, is expected to be in operation about the middle of this year. Orders have been placed for a unit with a capacity of 16,700 tons per annum at the Lavéra refinery, for operation early in 1971.

The culmination of many years of research is the development of a satisfactory lubricant for the Olympus 593 engine, which powers the Concorde. BP Enerjet 53 has been used in the supersonic trial flights of the two Concorde prototype aircraft 001 and 002.

Our new type of gas burner, for use with either manufactured or natural gas, is undergoing prolonged tests, which we hope will prove satisfactory.

Our licensed processes for refining petroleum products continue to interest the industry and several new plants have been successfully commissioned for licensees. Our selective hydrogenation process for steam cracker gasoline has been further developed at Sunbury to produce a feedstock from which aromatics may be extracted. The first commercial plant for this operation will be commissioned shortly at Erdölchemie.

A number of our engineers now in the USA have been playing an important part in design work for the production and transportation of Alaskan oil. This work has included studies of how to move heavy equipment and lay pipelines to carry warm oil without causing damage to the tundra and permafrost.



On the installation of a third production platform in the North Sea, two special test piles were driven which provided valuable information on the holding power of the sea bed.

Reservoir studies have been carried out to assist in the efficient development of the Abu Dhabi marine oilfields. In geochemistry, work has continued on the relationship of crude oils to their geological environment, including the use of carbon isotope measurements to study the origin of crude oils and the identification of their source rocks.

Mathematical models are playing an increasing role in the control of our oilfield production and in the design of associated storage and export facilities. In production engineering increased attention has been paid to the recovery of liquefied petroleum gases which would otherwise be flared.

A new Univac 1108 computer has been installed in the London office to meet increased requirements, both for the routine planning of refinery and supply operations and for new developments in the use of models for long-term planning.

## **Chemicals**

### **Europe**

Sales income from the group's UK operations rose by 10 per cent with an 11 per cent rise on tonnage sold.

After early difficulties, the performance of Grangemouth No. 4 olefin plant has improved substantially. Output of acetic acid, vinyl acetate, and Forth Chemicals styrene increased markedly, but shortage of capacity and production difficulties limited sales of some products, notably PVC.

Work on the Baglan Bay complex is proceeding satisfactorily and the first new unit should commission later in 1970. Special arrangements are being made to bring the vinyl chloride plant on stream some months in advance of the olefins unit. Expansions sanctioned in 1969 included a duplication of the larger acetic acid plant at Hull and new plants for ethanol and vinyl acetate. There are now 19 major chemical plants planned or building at our UK sites at a total cost of more than £100 million. With these additions we expect greatly to increase our exports and to retain a large share of domestic demand for chemicals and plastics.

Sales of normal paraffins in the UK and Germany were approximately 20 per cent higher than in 1968. Sales of xylenes by BP-California companies suffered from mechanical difficulties at the plants at Kent refinery and Vohburg but output at Dinslaken was a record. The xylenes plant at Grangemouth, despite labour difficulties, is expected to be completed in 1970.

In France, Naphtachimie made a substantial recovery following the strikes and political unrest in 1968. Sales income rose by 25 per cent. Work has begun on a major expansion at Lavéra costing £55 million which will include new plants to produce 400,000 tons of ethylene per annum, 120,000 tons of ethylene oxide per annum, and 80,000 tons of butadiene per annum, and an extension of polyolefins capacity to 190,000 tons per annum. The first units are due to commission early in 1972.

As part of the restructuring of the French chemical industry, our partner in Naphtachimie, Péchiney, has transferred its shareholding to Péchiney-St Gobain, which itself became a 51 per cent subsidiary of Rhône-Poulenc, the largest French chemical company. Distugil's sales of polychloroprene rubbers increased by about 55 per cent over those of 1968.

Tonnage sold at Erdölchemie, restricted by availability of olefins from the crackers, rose by only 2 per cent, but a move to higher priced products and better prices increased sales income by 11 per cent. The new olefin and polyethylene plants are nearly completed. The ethylene pipeline, linking Erdölchemie with 4 other factories, will be ready later in 1970 and the third acrylonitrile plant should commission in 1971.

#### **Other areas**

In Australia, Kwinana Nitrogen commissioned its ammonia plant in April 1969, but technical difficulties have so far limited output. C.S. BP & Farmers increased its sales tonnage of superphosphate and mixed fertilisers by about 4 per cent.

Kuwait Chemical Fertiliser increased its sales tonnage of fertiliser materials by 15 per cent.

In South Africa, plants were sanctioned for high density polyethylene and phthalic anhydride for Sentrachem, which had a successful year. In India, Herdillia Chemicals completed its first full year; with one exception all plants operated satisfactorily.

#### **Research and development**

Increasing research and development work in chemicals and plastics yielded many benefits to existing operations, notably in the production of ethanol and acrylonitrile. Our processes for the manufacture of acetic acid and normal paraffins also have been improved.

Mathematical models are being developed for a variety of processes.

Products introduced as a result of our research work include new vinyl acetate latices for paint and adhesives, and improved high impact polystyrene.

#### **Directors**

Sir John Stevens was appointed an ex officio director by Her Majesty's Government with effect from 1 May 1969.

Mr A F Down, who remained a deputy chairman of the company throughout the time of his appointment as president of BP Oil Corporation, resumed his responsibilities as a managing director on 1 January 1970.

The present directors of the company are listed on page 4. The Hon. Sir Maurice Bridgeman relinquished his appointments as chairman and a director of the company on 24 January 1969.

Mr W J Keswick and Lord Cobbold retire from the board by rotation and, being eligible, offer themselves for re-election.

#### **Auditors**

The auditors, Messrs Whinney Murray & Co., have expressed their willingness to continue in office.

#### **Companies Act 1967**

A schedule to this report giving additional information required under the Companies Act 1967 is on page 20.

By order of the Board  
K H PARKE Secretary  
19 March 1970



## Schedule to Directors' Report

### Directors' interests in the Company

In accordance with the requirements of the Companies Act 1967, the interests of the directors as at 31 December 1969 in the stock and debentures of the Company at the beginning and the end of 1969 are shown below. These include family interests; other interests (e.g. as a trustee) are indicated by an asterisk.

	Type of stock	1 Jan 1969	31 Dec 1969
		£ units	£ units
A E C Drake	8% first preference	1,000	1,000
	Ordinary	10	210
R B Dummett	8% first preference	1,000	1,000
	*9% second preference	625	625
A F Down	Ordinary	1,292	1,292
G F Ashford	Ordinary	2,275	2,275
D W K Barker	Ordinary	1,044	1,044
The Rt Hon Lord Cobbold	Ordinary	1,292	2,063
The Hon W Fraser	Ordinary	27,000	27,000
Sir Frederic Harmer	†Ordinary	56,250	56,250
The Earl of Inchcape	Ordinary	1,076	2,000
W J Keswick	Ordinary	6,085	6,085
	*Ordinary	7,660	7,660
R P Smith	Ordinary	1,550	1,550
D E C Steel	Ordinary	1,000	1,000
Sir John Stevens	†Ordinary	‡1,000	1,000
The Lord Trevelyan	Ordinary	1,076	1,076

†held as nominee for HM Government

‡at 1 May 1969 date of appointment

None of the directors had any interest in shares or debentures of subsidiary companies of the Company at 31 December 1969. On 1 January 1969 Mr A F Down held 10 Common Shares of no par value of Triad Oil Co. Ltd. which he disposed of on 28 January 1969.

In compliance with the requirements of the General Undertaking (Companies) given to The Stock Exchange, London, it is stated that the interests of all the directors of the Company and their family interests do not, in the aggregate, in respect of either share capital or voting control, exceed 5 per cent of the parent company or of any one subsidiary.

### Personnel

The average weekly number of persons employed by the group in the UK during 1969 was 25,300 and their aggregate remuneration for that year was £39.5 million.

### Charitable contributions

During the year the group made payments in the UK amounting to £175,180. This included £112,905 for education (universities, colleges, business schools, etc.) and £13,860 for medical purposes.





## Income statement for the year ended 31 December 1969

	1969	1968
	£m	£m
<b>Sales proceeds and other income</b>		
Sales proceeds	2,242·8	2,080·4
Deduct: customs duties and sales taxes	816·1	722·0
Net sales proceeds – note 13	1,426·7	1,358·4
Other income	44·3	43·6
	<u>1,471·0</u>	<u>1,402·0</u>
<b>Operating and other costs</b>		
Cost of oil, ocean freight, refining and chemical manufacturing	659·0	622·3
Distribution, selling, administrative and other expenses	334·4	315·2
Depreciation and amounts provided	93·3	93·3
Interest – note 14	28·3	25·4
	<u>1,115·0</u>	<u>1,056·2</u>
<b>Income before taxation</b>	356·0	345·8
<b>Overseas taxation</b>	259·1	241·6
<b>Income after overseas tax</b>	96·9	104·2
<b>UK taxation</b>		
Corporation tax – note i	220·7	209·6
Overseas tax relief	(220·7)	(209·4)
	<u>96·9</u>	<u>104·0</u>
Applicable to minority shareholders	0·1	2·8
<b>Net income of the group</b> before transitional relief, etc.	96·8	101·2
<b>Transitional relief – note ii</b>	25·8	28·0
<b>Profit on sale of production interests</b>	5·8	—
<b>Income for allocation</b>	<u>128·4</u>	<u>129·2</u>

The notes on pages 23 and 28 to 33 form part of this statement

## Income allocation

	1969			1968	
	£m			£m	
	Income for allocation			129.2	
	Retained in subsidiary companies			51.8	
	Parent company income			77.4	
	Retained			5.5	
	Distributed as shown below			71.9	
	Net to stockholders	Income tax withheld	Gross amount	Gross amount	Net to stockholders
	£m	£m	£m	£m	£m
Preference dividends	0.6	0.4	1.0	1.0	0.6
Ordinary dividends					
Interim paid 6 November 1969	11.9	8.4	20.3	20.3	11.9
Final now recommended (see Directors' report)	32.9	23.1	56.0	50.6	29.7
	45.4	31.9	77.3	71.9	42.2
Payments per ordinary stock unit	Net to stockholders	Income tax withheld	Gross rate	Gross rate	Net to stockholders
Interim	8d	5.617d	1s 1.617d	1s 1.617d	8d
Final now recommended (see Directors' report)	1s 10d	1s 3.447d	3s 1.447d	2s 10.043d	1s 8d
	2s 6d	1s 9.064d	4s 3.064d	3s 11.660d	2s 4d

### Notes

#### i Corporation tax

Corporation tax, based on the income for the year, has been provided at 45 per cent. The rate used when the 1968 accounts were prepared was 42½ per cent which was subsequently increased to 45 per cent as from 1 April 1968. This had no effect on group income as the increased charge for corporation tax of £8.0 million was offset by a similar increase in overseas tax relief. The comparative figures for 1968 have been amended accordingly.

#### ii Transitional relief

Relief arises under the terms of the UK Finance Act 1965.

Under Section 84 (overspill) amounts totalling £12.5 million for 1969/70 have been received by subsidiary companies and are brought into credit in these accounts. £20.1 million was similarly received and credited in the 1968 accounts, the decrease being due partly to the higher rate of corporation tax mentioned above and partly to the 20 per cent reduction in the relief itself.

Under Section 85 (one-year surplus) an amount of £13.3 million (£7.9 million in 1968) has been brought into credit in the accounts, offsetting to that extent the withholding tax liability on the 1969 dividends of the parent company. A further £7.4 million is available for use in 1970.



Balance sheets as at 31 December 1969

Parent 1968	Parent 1969		Group 1969	Group 1968
£m	£m		£m	£m
—	—	Properties and operating assets schedule A	893·0	866·6
—	—	Investment in The Standard Oil Company (Sohio) – note 2	186·4	—
24·7	24·2	Investment in associated companies outside the USA – schedule B	379·1	342·3
980·1	943·2	Investment in subsidiary companies note 4	—	—
23·4	38·6	Long-term receivables	94·6	83·6
15·5	56·5	Current assets less current liabilities schedule D	435·4	412·5
1,043·7	1,062·5	<b>Total assets less current liabilities</b>	<b>1,988·5</b>	1,705·0
		Deduct		
96·4	89·0	Finance debts – schedule C	622·5	414·5
1·9	—	Deferred liabilities – note 10	25·1	25·0
—	—	Insurance funds and provisions	16·2	15·1
—	—	Pension provisions – note 11	17·6	15·5
—	—	Minority shareholders' interests	20·4	23·7
98·3	89·0		701·8	493·8
945·4	973·5	<b>Net assets</b>	<b>1,286·7</b>	1,211·2
369·5	369·5	Issued preference and ordinary capital note 5	369·5	369·5
78·0	78·0	Share premium account	78·0	78·0
497·9	526·0	Reserves – schedule E	839·2	763·7
945·4	973·5	<b>Stockholders' interest</b>	<b>1,286·7</b>	1,211·2

A E C DRAKE, Director

F E HARMER, Director

The schedules and notes on pages 25 to 33 form part of these  
balance sheets

## Schedules to balance sheets

A	Properties and operating assets note 7	1969			1968		
		Cost	Investment grants and provisions	Net	Cost	Investment grants and provisions	Net
		£m	£m	£m	£m	£m	£m
Group							
Production and exploration		294·1	158·8	135·3	303·4	159·9	143·5
Tankers		208·8	112·8	96·0	198·4	103·6	94·8
Refineries		679·7	360·6	319·1	628·9	326·5	302·4
Marketing, etc.		484·9	216·5	268·4	455·7	198·4	257·3
Chemicals		172·4	98·2	74·2	150·1	81·5	68·6
		<u>1,839·9</u>	<u>946·9</u>	<u>893·0</u>	<u>1,736·5</u>	<u>869·9</u>	<u>866·6</u>
Investment grants included			<u>56·5</u>			<u>35·4</u>	
B	Investment in associated companies outside the USA	Cost	Provisions	Net	Cost	Provisions	Net
		£m	£m	£m	£m	£m	£m
Group							
Production and exploration		168·6	32·1	136·5	149·7	37·4	112·3
Tankers		0·9	—	0·9	0·9	—	0·9
Refineries		57·4	1·0	56·4	62·0	0·9	61·1
Marketing, etc.		133·7	2·7	131·0	123·6	2·8	120·8
Chemicals		55·0	0·7	54·3	47·9	0·7	47·2
		<u>415·6</u>	<u>36·5</u>	<u>379·1</u>	<u>384·1</u>	<u>41·8</u>	<u>342·3</u>
Parent							
Investment included in above group figures		<u>25·5</u>	<u>1·3</u>	<u>24·2</u>	<u>25·8</u>	<u>1·1</u>	<u>24·7</u>

## Schedules to balance sheets

<b>C Finance debts</b>	Parent 1968	Parent 1969		Approximate interest rate	Group 1969	Group 1968
	£m	£m		per cent	£m	£m
			<b>Long-term</b>			
—	—	—	US dollars re investment in Sohio	8.3	<b>170.8</b>	—
10.5	<b>10.4</b>		Other US dollars	6.0	<b>44.9</b>	33.5
10.5	<b>11.3</b>		Deutschemarks	6.3	<b>57.2</b>	56.6
21.9	<b>15.9</b>		Swiss francs	4.9	<b>22.2</b>	27.5
—	—		Australian dollars	7.0	<b>9.3</b>	9.3
—	—		Canadian dollars	6.5	<b>34.2</b>	34.6
—	—		Dutch florins	6.3	<b>20.2</b>	20.3
—	—		French francs	7.0	<b>12.9</b>	14.3
—	—		Italian lire	8.0	<b>7.1</b>	6.7
—	—		Swedish kronor	6.7	<b>11.4</b>	11.0
—	—		Other currencies		<b>6.9</b>	5.6
42.9	<b>37.6</b>		Total overseas borrowing		<b>397.1</b>	219.4
			Sterling			
10.8	<b>10.5</b>		Debenture stock 1978	5.0	<b>10.5</b>	10.8
14.3	<b>13.9</b>		Debenture stock 1980	6.0	<b>13.9</b>	14.3
			These 2 stocks are secured by a floating charge on the assets of the parent company			
—	—		Other sterling		<b>6.6</b>	8.4
68.0	<b>62.0</b>		<b>Total long-term debts</b> (secured £235.9 million)		<b>428.1</b>	252.9
22.6	<b>24.5</b>		<b>Short-term and acceptances</b> (secured £10.6 million)		<b>160.6</b>	117.3
5.8	<b>2.5</b>		<b>Bank loans and overdrafts</b> (secured £8.7 million)		<b>33.8</b>	44.3
96.4	<b>89.0</b>				<b>622.5</b>	414.5

Note : Long-term debts are those, as defined by the Companies Act 1967, which are wholly or in part repayable more than five years from the date of the balance sheet. Repayment periods are indicated below.

Parent	Group
£m	£m
0.7	14.2
2.4	122.6
34.9	222.4
24.0	54.7
—	14.2
	thereafter
62.0	428.1



<b>D Net current assets</b>	Parent 1968	Parent 1969		Group 1969	Group 1968
	£m	£m		£m	£m
			<b>Current assets</b>		
	69.6	<b>111.9</b>	Liquid resources – note 9	<b>188.7</b>	133.1
	12.2	<b>12.4</b>	Debtors	<b>515.0</b>	494.7
	—	—	Stocks of oil and chemicals – note 1e	<b>163.3</b>	159.3
	—	—	Stocks of stores – note 1e	<b>27.8</b>	27.2
	<u>81.8</u>	<u><b>124.3</b></u>		<u><b>894.8</b></u>	<u>814.3</u>
			<b>Current liabilities</b>		
	14.9	<b>11.0</b>	Creditors	<b>305.6</b>	250.1
	—	—	Overseas taxation	<b>68.7</b>	73.4
	—	—	Provisions, including contingencies	<b>28.3</b>	26.9
	51.4	<b>56.8</b>	Dividends	<b>56.8</b>	51.4
	<u>66.3</u>	<u><b>67.8</b></u>		<u><b>459.4</b></u>	<u>401.8</u>
	<u>15.5</u>	<u><b>56.5</b></u>		<u><b>435.4</b></u>	<u>412.5</u>

<b>E Reserves</b>	Parent 1968	Parent 1969		Group 1969	Group 1968
	£m	£m		£m	£m
	469.5	<b>497.9</b>	Reserves at 1 January	<b>763.7</b>	685.3
	5.5	<b>2.8</b>	Retained income of the year	<b>51.1</b>	57.3
	23.0	<b>26.4</b>	Received from Iranian consortium members	<b>26.4</b>	23.0
	(0.1)	<b>(1.1)</b>	Other movements including exchange adjustments	<b>(2.0)</b>	(1.9)
	<u>497.9</u>	<u><b>526.0</b></u>	Reserves at 31 December – note 6	<u><b>839.2</b></u>	<u>763.7</u>

## Notes on accounts

### 1 Principles of consolidation

#### a Composition of the group accounts

The group accounts comprise a consolidation of the accounts of the parent company and all its subsidiaries except for a number of minor companies the consolidation of whose accounts would have caused undue delay in presentation and whose income is insignificant. The investment in these minor companies at cost less provisions, £0.5 million has, in the group balance sheet, been included with investment in associated companies. In the case of Abu Dhabi Marine Areas Limited, the one-third interest of Compagnie Française des Pétroles has been excluded.

There has been included in the income of the year the group proportion of the earnings of the associated companies outside the USA which are engaged in crude oil production (see also note 3b).

A large number of subsidiaries are located throughout the world where their accounting practices are subject to local rules and conditions. Variations in accounting practices are within the limits of generally accepted UK accounting principles in all material respects.

#### b List of companies

A complete list of investments in subsidiary companies and of the parent company's investment in associated companies will be attached to the parent company's annual return. Investments in associated companies (which are almost entirely unquoted) are held mainly by wholly-owned subsidiaries some of which are registered abroad. On pages 48 to 53 the more important subsidiary and associated companies are listed by areas of operation. The list includes all companies which principally affected the income or assets of the group or of the parent company.

#### c Conversion of currencies

Properties, operating assets and investments expressed in currencies other than sterling have in the main been converted into sterling at the rates ruling at 31 December 1969. Certain assets mainly in production areas where most of the capital expenditure was incurred in sterling have been converted at the rates ruling at the time of acquisition. Long-term receivables, current assets and all liabilities have been converted at the year-end rates.

#### d Depreciation and amounts provided

Properties and operating assets are depreciated either on a straight line basis, by the declining balance method or in accordance with local fiscal rules. The policy is such that these assets are depreciated over their estimated useful lives or shorter periods.

Full provision has been made against the group's proportion of exploration expenditure in non-proven areas whether incurred directly by subsidiary companies or indirectly by associated companies outside the USA.

#### e Stock valuations

Stocks of oil and chemicals are valued at approximate group cost excluding, as last year, the additional costs arising from the closure of the Suez Canal.

Stocks of stores are valued at or below cost calculated largely by using the average method.

## 2 Investment in The Standard Oil Company (Sohio)

The agreement reached during 1969 whereby Sohio acquired BP Oil Corporation and certain other subsidiaries in the USA in exchange for 1,000 shares of special stock of Sohio was completed on 1 January 1970. The accounts reflect this transaction. Such special stock initially entitles the group to the same rights (except as to dividends) as approximately a 25 per cent common stock interest in Sohio. No dividends are receivable until net production from Prudhoe Bay (or other Alaskan properties) reaches 200,000 barrels per day or 1 January 1975 whichever occurs first.

The obligation to pay \$400 million (£166.6 million) with interest at 7 per cent for refining and marketing assets purchased from Atlantic Richfield Company by BP Oil Corporation was retained by the group. \$113.8 million (£47.4 million) of this indebtedness was repaid on 5 January 1970 and is included in the group balance sheet as a current liability in creditors. The balance of \$286.2 million (£119.2 million) is included in long-term debt in respect of which there is an obligation to issue 7 per cent notes (mainly issued in January 1970). A fee equal to one seventh of the interest on these notes accruing after 1 January 1970 is also payable. The long-term debt of £119.2 million is repayable over the years 1972/77 and has been secured by a charge on the Sohio special stock. The payment on 5 January 1970 referred to was made out of funds repayable 1974/76 from a syndicate of banks committed until 14 March 1970 to lend a total of \$150 million (£62.5 million). Of this \$110 million (£45.8 million) was borrowed in 1969. A substantial part thereof was temporarily utilised in the USA pending completion of the merger, and in the group balance sheet is included as a current asset in debtors as an amount due from Sohio. This was settled on 2 January 1970.

Interest charges of £9.2 million (\$22.0 million) have been capitalised in the accounts and included in the cost of the special stock. In respect of £5.8 million (\$13.8 million) thereof settlement will be effected by the issue of notes repayable 1972/77. This amount is accordingly included in long-term debt.

## 3 Associated companies outside the USA

### a Net assets

Information as to the group proportion of the net assets of associated companies at the end of 1969 is not yet available. However, from the accounts received during the year 1969 from major associated companies in which the group net investment at 31 December 1968 was £329.0 million (out of a total net investment in associated companies of £342.3 million), it has been ascertained that the net assets of these companies amounted to £957.5 million and the group proportion thereof was £343.6 million as follows:

	Associated companies £m	Group proportion £m
Properties and operating assets after depreciation	889.5	290.9
Long-term receivables and investments	214.5	84.9
Goodwill and other intangibles	22.1	6.3
Current assets	489.7	186.4
	<hr/> 1,615.8	<hr/> 568.5
Less: Finance debts	217.2	54.7
Liabilities mainly current	441.1	170.2
	<hr/>	<hr/>
Net assets	957.5	343.6

The accounts referred to were largely prepared as at 31 December 1968 and were drawn up in accordance with the statutory regulations of the countries in which these companies were incorporated and in some instances the accounts were unaudited.



**5 Income and retained earnings – group proportion**

Crude oil production is largely dealt with through associated companies. The group share of the estimated net earnings for the year 1969 of the companies concerned, based on the latest information available, amounts to £26·4 million which has been reflected in the group income by way of a reduction to the cost of oil and the inclusion of the appropriate charge in overseas taxation. At 31 December 1969 £34·4 million of the accumulated earnings are undistributed and equivalent amounts have been retained in the reserves of the subsidiary companies holding the investments.

Dividends of £11·9 million (£13·3 million) and interest of £2·9 million (£2·5 million) were received during 1969 from associated companies other than those referred to in the immediately preceding paragraph and these receipts are included in the group income statement as part of other income.

To comply with paragraph 5A of Schedule 2 to the Companies Act 1967 the following information is given :

	Aggregate profits less losses of the periods covered by the accounts received during 1969		Retained earnings since acquisition
	before tax	after tax	
	£m	£m	£m
Parent company's share	(0·2)	(0·8)	0·7
Subsidiary companies' share	19·1	11·8	13·7
Group share	18·9	11·0	14·4

The group share of losses is, in all material cases, covered by provisions in the parent or subsidiary companies.

**4 Subsidiary companies**

The parent company's investment in its subsidiary companies at 31 December 1969 amounted to £943·2 million (£908·1 million) which consisted of shares at cost less provisions £205·6 million (£160·5 million) together with advances, current accounts and accrued dividends £737·6 million (£819·6 million).

**5 Authorised and issued capital of the parent company**

There has been no change during the year to the authorised capital of £425 million or to the issued capital of £369·5 million which comprises 8 per cent cumulative first preference stock £7·2 million, 9 per cent cumulative second preference stock £5·5 million and ordinary stock £356·8 million.

Of the 356·8 million ordinary £1 stock units issued at 31 December 1969, Her Majesty's Government in the UK owned 174·5 million (48·9 per cent) and The Burmah Oil Company Limited 82·9 million (23·23 per cent), whilst the remainder (27·87 per cent) was held by approximately 91,000 stockholders. There were some 35,000 holders of American Depositary Receipts issued in respect of 13·2 million ordinary £1 stock units.

In 1970, 2·1 million ordinary £1 stock units have been or will be issued to the shareholders of Alexander Duckham & Co. Limited. The issued ordinary capital will then be £358·9 million on which figure the final dividend now recommended is calculated.

## 6 Group reserves

Group reserves of £839.2 million at 31 December 1969 include undistributed associated companies' earnings of £34.4 million referred to in note 3 b and an unchanged parent company preference stock reserve of £10 million. Also included are amounts totalling £76.1 million retained by subsidiary companies which are not subject to UK taxation.

## 7 Properties and operating assets

Assets at cost amounted to £1,839.9 million at 31 December 1969. The following shows the movements including exchange adjustments during the year.

	Production and exploration	Tankers	Refineries	Marketing, etc.	Chemicals	Total
	£m	£m	£m	£m	£m	£m
1 January	303.4	198.4	628.9	455.7	150.1	1,736.5
Additions	32.4	13.0	50.4	39.9	24.3	160.0
	335.8	211.4	679.3	495.6	174.4	1,896.5
Deletions, etc.	41.7	2.6	(0.4)	10.7	2.0	56.6
31 December	294.1	208.8	679.7	484.9	172.4	1,839.9

## 8 Land

Included in the net amount of properties and operating assets of £893.0 million is £67.2 million in respect of land (including buildings acquired with the land) of which £61.0 million represents freehold property, mainly service stations overseas, £1.7 million leases with unexpired terms of 50 years or more and £4.5 million other leases.

## 9 Liquid resources

Bank balances of the group at £125.1 million (£91.6 million) include £12.5 million – \$30 million – obtained on 18 December 1969 being part of the borrowings made so as to repay indebtedness to Atlantic Richfield Company on 5 January 1970 (see note 2). Parent company bank balances included in group figures were £80.1 million (£51.0 million).

Marketable securities of the group at book value £63.6 million (£41.5 million) approximate to market value and include parent company £31.8 million (£18.6 million) and £14.7 million (£14.6 million) held by The Tanker Insurance Company, Limited.

## 10 Deferred liabilities

The deferred liabilities of £25.1 million become due for settlement after 31 December 1970.

## 11 Pension provisions

In most group companies there are pension and retirement plans, the form and benefits of each of which vary having regard to economic conditions and practices in the countries concerned. The majority of these plans are separately funded, payments being made either to trusts in accordance with calculations made periodically by consulting actuaries, or to insurance companies.

In the case of certain European subsidiaries with unfunded plans provisions amounting to £17.6 million (£15.5 million) have been made largely on the basis of actuarial assessment, whilst others charge current supplementary pension payments against income in accordance with local practice.

The amount included in group costs for pension and retirement plans in 1969 was £15.8 million (£13.8 million).

## 12 Hire charges

Payments in respect of time chartered tankers amounted to £80.6 million (£63.9 million) whilst payments for the hire of plant and machinery amounted to £16.9 million (£7.1 million).

### 13 Net sales proceeds

Crude oil and product sales by subsidiary companies amounted to £1,316.0 million (£1,256.5 million) in respect of 160.4 million tons (140.6 million tons). These included sales of petroleum products to associated companies and non-group customers for use as feedstocks in chemical manufacturing.

Chemical sales by subsidiary companies amounted to £99.4 million (£90.6 million) in respect of 1.5 million tons (1.3 million tons).

Natural gas sales amounted to £11.3 million (£11.3 million) of which £9.8 million (£9.3 million) was in respect of North Sea supplies.

### 14 Interest

Interest on long-term debts (excluding £9.2 million capitalised as part of the investment in Sohio – see note 2) amounted to £14.6 million (£14.6 million) and on other finance debts £13.7 million (£10.8 million).

### 15 Remuneration

- a Directors of the company £244,729 (£266,645), made up of fees £21,667 (£22,479) and other emoluments £223,062 (£244,166). Pensions and commutations of pensions to former managing directors and their dependants £266,845 (£117,190).

- b Particulars of directors' emoluments as required by Section 6 of the Companies Act 1967:

	1969	1968
Chairmen		
The Hon. Sir Maurice Bridgeman to 24 January 1969	£3,226	£50,090
A E C Drake from 25 January 1969	£47,118	

The number of all the directors (including 2 for part periods only in 1969) receiving emoluments in the following groups were:

	1969	1968
£50,001 to £52,500	—	1
£47,501 to £50,000	1	—
£35,001 to £37,500	1	2
£32,501 to £35,000	1	—
£25,001 to £27,500	2	3
£22,501 to £25,000	2	2
£2,501 to £5,000	7	7
Up to £2,500	1	—

The 7 managing directors returned or surrendered fees amounting to £15,363 during the year.

- c The number of employees of the group in the UK whose emoluments exceeded £10,000 were in the following groups:

	1969	1968
£20,001 to £22,500	1	—
£17,501 to £20,000	1	—
£15,001 to £17,500	3	1
£12,501 to £15,000	4	4
£10,001 to £12,500	15	11

- d Auditors' remuneration – group companies £403,000 (£361,000) of which the parent company £23,000 (£20,000).

### 16 Contingent liabilities

There were contingent liabilities at 31 December 1969 in respect of guarantees, indemnities, etc., entered into as part of the ordinary course of the group's business, upon which no material losses are likely to arise.



## **17 Capital commitments**

Authorised future capital expenditure by group companies is estimated at £473 million including approximately £146 million for which contracts have been placed. The group's share of authorised future capital expenditure by associated companies outside the USA is estimated at £157 million. The total thus authorised amounts to £630 million.

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## **Report of the Auditors**

### **To the Members of The British Petroleum Company Limited**

We have examined the accounts of The British Petroleum Company Limited set out on pages 22 to 33. Incorporated in the group accounts are accounts of subsidiaries audited by other auditors.

In our opinion the company's balance sheet and the group accounts have been properly prepared in accordance with the provisions of the Companies Acts, 1948 and 1967 and give for the company and for the group a true and fair view of the state of affairs at 31 December 1969 and of the net income for the year.

Whinney Murray & Co  
Chartered Accountants

London, 19 March 1970

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## Capital expenditure

		1969		1968	
		£m	£m	£m	£m
<b>Group companies</b>	Production and exploration	32.4		32.0	
	Tankers	13.0		16.8	
	Refineries	50.4		48.4	
	Marketing, etc.	39.9		36.4	
	Chemicals	24.3	160.0	10.9	144.5
<b>Associated companies outside the USA – group proportion</b>	Production and exploration	39.4		25.9	
	Refineries	12.8		13.9	
	Marketing, etc.	14.0		17.4	
	Chemicals	17.9	84.1	11.2	68.4
<b>Capital expenditure for the year</b>			244.1		212.9

## Finance summary

		1969		1968	
		£m	£m	£m	£m
<b>Amounts retained</b>	Group companies :				
	Depreciation	93.3		93.3	
	Retained income	51.1		57.3	
	Iranian consortium receipts	26.4	170.8	23.0	173.6
	Associates – group proportion				
	Depreciation, etc.		37.0		37.0
			207.8		210.6
<b>Investment grants</b>			21.1		16.4
			228.9		227.0
<b>Increase in finance debts</b>	Group companies	37.2*		27.7	
	Associates – group proportion	7.0	44.2	2.5	30.2
			273.1		257.2
<b>Working capital, etc.</b>					
	Group companies and associates – group proportion		29.0		44.3
<b>Utilised for capital expenditure</b>			244.1		212.9

\*excluding £170.8 million borrowed re investment in Sohio

## Statistics summary

	1965	1966	1967	1968	1969
Group sales					
in millions of tons					
Crude oil	41	45	51	55	67
Products including chemicals	70	74	77	87	95
Total	111	119	128	142	162
in millions of cubic feet					
Natural gas	8,761	23,005	47,547	87,717	96,621
Gross income – £ million	1,334	1,453	1,727	2,124	2,287
Income before taxation – £ million	207	228	244	346	356
Overseas tax as a percentage of income before tax	64%	65%	73%	70%	73%
Net income – £ million	81	79	64	101	97
UK transitional relief – £ million	—	28	26	28	26
Net income per ton sold	14s 6d	13s 3d	10s 0d	14s 3d	12s 0d
Net income per ordinary stock unit	5s 1d	4s 5d	3s 7d	5s 8d	5s 5d
Distribution to ordinary stockholders – £ million					
1965 net including capital payment	37				
1966 to 1969 gross		70	66	71	76
Per ordinary stock unit after tax	2s 4d	2s 4d	2s 2d	2s 4d	2s 6d
Net assets representing stockholders' interest – £ million	838	981	1,133	1,211	1,287
Net income as a percentage of average net assets	10%	8.7%	6.1%	8.6%	7.7%
Total assets less current liabilities £ million	1,120	1,310	1,591	1,705	1,989
Return, being income after tax but before interest, on average capital employed	8.6%	7.8%	5.9%	7.8%	7.2%
Middle East, Libya and Nigeria taxation and royalties – £ million	186	210	244	330	363
Capital expenditure – £ million	207	206	211	213	244
Amounts retained and investment grants – £ million	144	163	184	227	229



## Income statements

	1965	1966	1967	1968	1969
	£m	£m	£m	£m	£m
<b>Sales proceeds and other income</b>					
Sales proceeds	1,298	1,421	1,667	2,080	<b>2,243</b>
Deduct: customs duties and sales taxes	471	513	586	722	<b>816</b>
Net sales proceeds	827	908	1,081	1,358	<b>1,427</b>
Other income	36	32	60	44	<b>44</b>
	<u>863</u>	<u>940</u>	<u>1,141</u>	<u>1,402</u>	<u><b>1,471</b></u>
<b>Operating and other costs</b>					
Cost of oil, ocean freight, refining and chemical manufacturing	376	405	528	623	<b>659</b>
Distribution, selling, administrative and other expenses	213	234	270	315	<b>335</b>
Depreciation and amounts provided	57	59	79	93	<b>93</b>
Interest	10	14	20	25	<b>28</b>
	<u>656</u>	<u>712</u>	<u>897</u>	<u>1,056</u>	<u><b>1,115</b></u>
<b>Income before taxation</b>	207	228	244	346	<b>356</b>
Taxation almost entirely overseas	126	149	179	242	<b>259</b>
	81	79	65	104	<b>97</b>
Applicable to minority shareholders	—	—	1	3	<b>—</b>
<b>Net income of the group before transitional relief, etc.</b>	81	79	64	101	<b>97</b>
UK transitional relief	—	28	26	28	<b>26</b>
Exceptional items	—	18	20	—	<b>5</b>
<b>Income available for allocation</b>	<u>81</u>	<u>125</u>	<u>110</u>	<u>129</u>	<u><b>128</b></u>
Distributed	34	70	67	72	<b>77</b>
Retained	47	55	43	57	<b>51</b>
	<u>81</u>	<u>125</u>	<u>110</u>	<u>129</u>	<u><b>128</b></u>

## Capital expenditure and finance

	1965	1966	1967	1968	1969
	£m	£m	£m	£m	£m
<b>Capital expenditure</b>					
Production and exploration	63	60	59	58	<b>72</b>
Tankers	15	6	8	17	<b>13</b>
Refineries	50	78	72	62	<b>63</b>
Marketing, etc.	66	47	48	54	<b>54</b>
Chemicals	13	15	24	22	<b>42</b>
	<u>207</u>	<u>206</u>	<u>211</u>	<u>213</u>	<u><b>244</b></u>
<b>Financed by</b>					
Group companies:					
Depreciation	57	59	79	93	<b>93</b>
Retained income	47	55	43	57	<b>51</b>
Iranian consortium receipts	12	17	18	23	<b>27</b>
Associates – group proportion					
Depreciation, etc.	28	27	34	37	<b>37</b>
Amounts retained	<u>144</u>	<u>158</u>	<u>174</u>	<u>210</u>	<u><b>208</b></u>
Investment grants	—	5	10	17	<b>21</b>
Increase in finance debts	81	65	65	30	<b>44</b>
Subscribed capital	<u>—</u>	<u>60</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>225</u>	<u>288</u>	<u>249</u>	<u>257</u>	<u><b>273</b></u>
Working capital, etc.	18	82	38	44	<b>29</b>
	<u>207</u>	<u>206</u>	<u>211</u>	<u>213</u>	<u><b>244</b></u>

## Capital employed and provision of funds

		1965		1966	
		£m	Per cent	£m	Per cent
<b>Capital employed</b>	Fixed assets :				
	Production and exploration	188	17	221	17
	Tankers	92	8	89	7
	Refineries	244	22	284	22
	Marketing, etc.	291	26	312	24
	Chemicals	33	3	43	3
		<u>848</u>	<u>76</u>	<u>949</u>	<u>73</u>
	Investment in Sohio	—		—	
	Long-term receivables	56	5	73	5
	Liquid resources	140	12	157	12
	Debtors and stocks less current liabilities	76	7	131	10
		<u>1,120</u>	<u>100</u>	<u>1,310</u>	<u>100</u>
		<u><u>1,120</u></u>	<u><u>100</u></u>	<u><u>1,310</u></u>	<u><u>100</u></u>
<b>Provision of funds</b>	Finance debt :				
	Long-term re investment in Sohio	—		—	
	Long-term – other	157	14	187	14
	Short-term and acceptances	33	3	44	3
	Bank loans and overdrafts	22	2	33	3
		<u>212</u>	<u>19</u>	<u>264</u>	<u>20</u>
	Deferred liabilities, provisions and minority shareholders' interest	70	6	65	5
	Stockholders' interest	838	75	981	75
		<u>1,120</u>	<u>100</u>	<u>1,310</u>	<u>100</u>
		<u><u>1,120</u></u>	<u><u>100</u></u>	<u><u>1,310</u></u>	<u><u>100</u></u>



1967		1968		1969	
£m	Per cent	£m	Per cent	£m	Per cent
238	15	256	15	272	14
90	6	96	6	97	5
349	22	363	21	375	19
358	22	378	22	399	20
114	7	116	7	129	6
1,149	72	1,209	71	1,272	64
—		—		186	9
87	5	84	5	95	5
140	9	133	8	189	10
215	14	279	16	247	12
1,591	100	1,705	100	1,989	100

Note: In 1967 certain chemical companies were acquired and sterling was devalued on 18 November.

—		—		171	8
237	15	253	15	257	13
96	6	118	7	161	8
54	3	44	2	34	2
387	24	415	24	623	31
71	5	79	5	79	4
1,133	71	1,211	71	1,287	65
1,591	100	1,705	100	1,989	100

## Sales

		1960	1961
<b>Product and crude oil sales</b>	Products (including chemicals)		
	UK	9	9
	Europe – Common Market	11	14
	Other Europe	4	4
	Africa and Middle East	3	3
	Asia and Australasia	5	5
	North and South America	1	1
	International bulk trade and bunkers	10	10
		<hr/>	<hr/>
		43	46
	Crude oil	30	32
		<hr/>	<hr/>
		73	78
		<hr/>	<hr/>
<b>Natural gas sales</b>	North Sea	—	—
	Other areas	—	—
		<hr/>	<hr/>
		—	—
		<hr/>	<hr/>

## Crude oil production and liftings

			1960	1961
		Group shareholding per cent		
<b>Total production</b>				
Middle East	Iran : Iranian Oil Exploration and Producing	40	51	57
	Iraq : Iraq Petroleum and Mosul Petroleum	23.75	35	38
	Iraq : Basrah Petroleum	23.75	11	10
	Kuwait : Kuwait Oil	50	81	81
	Qatar : Qatar Petroleum	23.75	8	8
	Abu Dhabi : Abu Dhabi Marine Areas	66.67	—	—
	Abu Dhabi : Abu Dhabi Petroleum	23.75	—	—
			<hr/>	<hr/>
			186	194
			<hr/>	<hr/>
Africa	Libya : BP Exploration (Libya) and N B Hunt	50	—	—
	Nigeria : Shell-BP Petroleum Development	50	1	2
			<hr/>	<hr/>
			1	2
			<hr/>	<hr/>
<b>Group liftings</b>	Own resources oil :			
	Middle East		71	75
	Africa		—	1
	Other areas		2	2
			<hr/>	<hr/>
			73	78
	Purchased crude oil		3	5
			<hr/>	<hr/>
			76	83
			<hr/>	<hr/>

1962	1963	1964	1965	1966	1967	1968	1969
10	11	12	13	13	14	15	<b>16</b>
16	19	22	24	26	27	29	<b>32</b>
5	7	8	9	11	11	14	<b>15</b>
3	3	3	3	3	4	4	<b>4</b>
4	5	5	5	6	6	7	<b>8</b>
1	1	2	3	4	4	5	<b>5</b>
13	11	12	13	11	11	13	<b>15</b>
52	57	64	70	74	77	87	<b>95</b>
34	36	41	41	45	51	55	<b>67</b>
86	93	105	111	119	128	142	<b>162</b>
—	—	—	—	—	57	127	<b>156</b>
5	9	15	24	63	84	114	<b>109</b>
5	9	15	24	63	141	241	<b>265</b>

Note : figures are expressed in million long tons per annum with the exception of those for natural gas which are expressed in million cubic feet per day.

1962	1963	1964	1965	1966	1967	1968	1969
63	70	81	88	99	121	133	<b>152</b>
39	43	43	45	44	39	56	<b>57</b>
9	13	17	18	23	20	17	<b>17</b>
91	96	105	107	113	113	120	<b>128</b>
9	9	9	9	9	9	9	<b>9</b>
1	2	3	4	5	6	9	<b>11</b>
—	—	6	9	12	12	15	<b>17</b>
212	233	264	280	305	320	359	<b>391</b>
—	—	—	—	—	8	15	<b>15</b>
3	4	6	12	17	12	2	<b>18</b>
3	4	6	12	17	20	17	<b>33</b>
80	87	99	102	109	115	130	<b>141</b>
2	2	3	6	8	10	8	<b>17</b>
3	2	4	3	4	4	4	<b>1</b>
85	91	106	111	121	129	142	<b>159</b>
5	6	6	6	6	8	9	<b>11</b>
90	97	112	117	127	137	151	<b>170</b>



## Refining

### Crude oil refined

#### By the group\*

	1960	1961	1962	1963	1964
UK and Eire	15	15	17	17	20
France	5	6	7	7	8
Germany	3	6	6	7	7
Belgium	2	2	2	4	4
Holland	—	—	—	—	—
Sweden	—	—	—	—	—
Other European countries	1	1	2	2	2
Africa and Middle East	14	14	16	17	20
Canada	1	1	1	2	2
Far East and Australasia	3	3	3	3	3
For the group by other refiners	4	3	4	3	4
	48	51	58	62	70

## Tankers

### Tankers operated by the group\* at year end

#### Owned:

	1960	1961	1962	1963	1964
Number of vessels:					
Up to 25,000 deadweight tons	112	90	84	72	66
25,000 to 80,000 " "	47	48	51	57	59
80,000 to 160,000 " "	—	—	—	—	—
	159	138	135	129	125
In million deadweight tons	3.0	2.9	3.0	3.2	3.3

#### Long-term charter:

Number of vessels:					
Up to 25,000 deadweight tons	107	102	91	93	87
25,000 to 80,000 " "	20	23	24	36	38
80,000 to 160,000 " "	—	—	—	—	—
160,000 and above " "	—	—	—	—	—
	127	125	115	129	125
In million deadweight tons	2.6	2.7	2.7	3.1	3.3
Total number of vessels	286	263	250	258	250
Total in million deadweight tons	5.6	5.6	5.7	6.3	6.6

\*includes associated companies outside the USA

1965   1966   1967   1968   **1969**

20	22	21	22	<b>23</b>
10	11	11	11	<b>12</b>
8	9	9	11	<b>12</b>
3	3	4	6	<b>7</b>
—	—	2	5	<b>5</b>
—	—	1	4	<b>4</b>
3	3	3	3	<b>4</b>
20	19	17	18	<b>19</b>
2	3	3	3	<b>4</b>
4	5	6	6	<b>5</b>
7	6	6	4	<b>6</b>
77	81	83	93	<b>101</b>

Note: Figures of crude oil refined are expressed in million long tons per annum.

1965   1966   1967   1968   **1969**

69	66	64	67	<b>70</b>
60	61	62	62	<b>62</b>
1	2	2	3	<b>3</b>
130	129	128	132	<b>135</b>
3·6	3·8	4·0	4·2	<b>4·3</b>

79	69	58	55	<b>45</b>
49	61	65	70	<b>45</b>
—	3	7	8	<b>13</b>
—	—	—	—	<b>6</b>
128	133	130	133	<b>109</b>
4·0	4·6	4·8	5·3	<b>5·8</b>

258	262	258	265	<b>244</b>
7·6	8·4	8·8	9·5	<b>10·1</b>

# The Standard Oil Company (Sohio)

The Standard Oil Company issued its annual report to its stockholders on 6 March 1970 and the following are extracts taken from the Chairman's Letter, Review of Operations and Financial Review. Also shown is the income statement for the year 1969 and a summary of the consolidated balance sheet. In this presentation, however, all United States dollar figures have been arbitrarily converted to sterling at US\$2.40/£1 (and shown to the nearest £ million) whilst barrels per day have been arbitrarily converted on the basis of 1 b/d = 50 tons/year.

The term BP as used in the following extracts refers to British Petroleum (Holdings) Inc. and its consolidated subsidiaries of which BP Oil Corporation is the major subsidiary, its assets including marketing and refining properties in the US, Alaskan oil and gas leases, and other interests.

## Extracts from Chairman's letter

The amalgamation of the BP Oil Corporation properties with those of Sohio, which was accomplished on 1 January 1970, overshadows in importance the record earnings and sales results your Company achieved in 1969.

The merger gives our Company a major position on the oil-rich North Slope of Alaska. We have had extremely favourable estimates from an independent petroleum consulting firm as to the recoverable reserves that will be developed on the Prudhoe Bay properties. Drilling results to date have been reassuring. Additional drilling will be required to establish the actual reserves, but it is apparent that production from Prudhoe Bay properties will help generate capital and provide resources for the profitable growth of this Company for many years to come.

Sohio gains varying interests in other North Slope leases. A more complete report on our Company's interests on the North Slope of Alaska is given on page 45.

In the merger, Sohio also obtained marketing, refining, transportation, and other oil production interests – principally former Sinclair Oil Corp. properties which had been acquired by BP Oil Corporation. As a result, our Company now has major refineries at Toledo and Lima, Ohio; Marcus Hook, Pennsylvania; and Port Arthur, Texas, with a total rated capacity of 18.6 million tons a year. The expansion now under way at Lima Refinery will increase capacity to approximately 22 million tons a year.

Sohio and its subsidiaries now market in 21 states and the District of Columbia. The Company owns and operates bulk plants and terminals throughout this territory. It has varying interests in products pipelines along the East Coast of the United States and in Ohio and surrounding states, and in crude oil pipelines from the southwest to our refineries in Ohio. The Company has a 27½ per cent interest in the Trans Alaska Pipeline System.

In exchange for these interests and other properties, Sohio has issued to British Petroleum (Overzee) N.V., a wholly owned subsidiary of The British Petroleum Company Limited, 1,000 shares of Sohio Special Stock. [The rights applicable to this stock are given on page 8.]

## Extracts from Review of Operations

### Petroleum Marketing, Refining, and Transportation

Sohio's petroleum Marketing, Refining, and Transportation operations, exclusive of BP Oil Corporation, set records in operating revenue and in the volume of petroleum products sold again in 1969. Sales of petroleum products were 9.1 million tons, an increase of 4.4 per cent over sales in 1968. The refineries processed 8.7 million tons of crude oil.



Petroleum product sales revenue totaled £212.5 million, an 8.6 per cent increase over 1968. This increase in revenue reflects generally higher product prices and a greater proportion of higher-value products refined and sold. Substantial increases were achieved in sales volumes of motor gasoline, diesel fuel, and jet turbine fuel.

BP Oil Corporation launched a large-scale rebranding program in the Fall of 1969, converting former Sinclair service stations to the BP Shield emblem. The rebranding program is expected to be completed by mid-1970. The program is being accompanied by an advertising campaign dramatising the BP trade names. A program of station modernization and construction was established, concentrating initially on high-potential locations.

BP Oil Corporation sales of petroleum products for the nine months in which the corporation operated in 1969 were 7.6 million tons. Petroleum product sales revenue totalled £134.6 million. The Marcus Hook and Port Arthur refineries processed 6.7 million tons of crude oil.

### **Alaskan Properties**

The Put River No. 1 well was the first completion on Sohio's properties. After drilling to a total depth of 9,240 feet, 7-inch casing was set. A 300-foot sand section was selectively perforated from 8,700 feet to 9,000 feet. Tubing and test equipment were installed. The well tested oil at flow rates up to 21,500 barrels per day from the Sadlerochit sandstone of Permian Age, which is the major oil reservoir so far discovered on the North Slope.

On 31 December 1969, a total of 13 wells had been drilled, or were drilling, on our properties. In addition to Put River No. 1, 8 wells drilled are capable of producing oil from the Sadlerochit sand and are partially completed with casing set at total depths ranging from 9,192 to 10,315 feet. Producing equipment will be installed at these 8 wells at a time coincidental to the completion of the required pipeline facilities. At year-end two developmental Sadlerochit wells were drilling. One dry hole was drilled on the southern portion of the Prudhoe Bay acreage. It was drilled to a total depth of 13,877 feet before being suspended and preserved for future use related to production operations. The well drilled on the northeast block of leases was dry in the Permian interval. It was suspended at a depth of 9,094 feet for subsequent re-entry and deepening to test the Lisburne limestone formation.

During most of 1969, vertical holes were drilled at widely spaced locations to determine the extent of the main Permian producing formation. Developmental drilling then started from large rectangular gravel drilling pads located at the approximate centers of 2,560-acre blocks. Four wells are to be directionally drilled from each pad on a 640-acre well spacing pattern.

In the Channel Delta Area, operated by Gulf Oil Corp., our [i.e. Sohio's] working interest amounts to  $6\frac{3}{4}$  per cent in 2,560 acres and  $2\frac{1}{2}$  per cent in 12,800 acres. Plans for drilling an exploratory well on the tract in which we have the  $6\frac{3}{4}$  per cent interest were being finalized at year-end.

The Colville Area Block contains approximately 319,000 gross acres. Our [i.e. Sohio's] interest varies from  $8\frac{1}{3}$  per cent to  $12\frac{1}{2}$  per cent in this block, giving us 31,930 net acres. Three wells have been drilled to date on this large block. Two were abandoned. Ugnu No. 1 was suspended last year after oil was discovered in a thin sand of Cretaceous Age. At year-end a well in which we have a  $12\frac{1}{2}$  per cent interest was being started by BP Alaska northeast of this discovery.

Also, a well on the Colville Area leases in which we have an  $8\frac{1}{3}$  per cent interest was being drilled by Union Oil Co. of California.

Sohio has a 25 per cent interest in approximately 120,000 gross acres scattered elsewhere on the North Slope of Alaska. No wells have been drilled on this acreage to date.

#### **Extracts from Financial Review**

Because of the merger of Sohio and BP, completed on 1 January 1970, the financial review is presented in two segments, one for Sohio alone and the other for Sohio and BP combined.

**Sohio excluding BP** – Net sales and operating revenue and net income for Sohio alone rose to record highs in 1969 for the seventh consecutive year. Net sales and operating revenue were £341.4 million compared with £298.5 million in 1968, a 14 per cent increase. Net income was £30.3 million, a 4 per cent increase over 1968 net income of £29.2 million.

In 1969 Sohio sold a greater volume of petroleum products than in 1968, and prices were generally higher. Higher revenues were derived from coal, motor inns, royalties, and chemicals. Costs and operating expenses increased substantially from 1968 to 1969.

**Sohio combined with BP** – Net sales and operating revenue for 1969 for Sohio and BP combined was £483.5 million and net income was £21.6 million. BP sustained a loss of £8.7 million on net sales and operating revenue of £142.1 million. Operations of BP's marketing and refining properties are included in the consolidated income statement only since 1 April 1969, when the properties were acquired by BP from Atlantic Richfield Co.

The consolidated income statement does not reflect any reduction in Federal income taxes resulting from operating losses or intangible drilling costs of BP. Since the merger was not completed until 1 January 1970, the companies are unable to file a consolidated tax return for 1969. Sohio intends to consolidate BP for tax purposes for 1970 and subsequent years.

The loss for tax purposes of BP for the year ended 31 December 1969, is estimated to be £22.1 million, including approximately £12.5 million of deductions for intangible drilling costs. The entire 1969 loss may be carried forward for five years and applied against the future taxable income of BP.

**Indebtedness Increases** – The increase in total debt primarily resulted from two borrowings:

- (1) In July 1969, Sohio sold \$100,000,000 (£41.7 million) of 7.6 per cent debentures due in 1999. Out of the proceeds \$27,000,000 was used to repay borrowings outstanding under a revolving credit agreement.
- (2) In October 1969, BP Oil Corporation borrowed \$75,000,000 (£31.3 million) under a loan agreement dated 16 September 1969, with a group of banks. The borrowing is to be repaid in instalments beginning in 1972 and extending through 1976.

In January 1970 Sohio sold \$150,000,000 (£62.5 million) of  $8\frac{1}{2}$  per cent debentures, due in the year 2000. Out of the proceeds \$60,000,000 was used to repay borrowings made 2 January 1970, under a revolving credit agreement.

**Capital Expenditures Increase** – Capital investments in 1969 for expansion, modernization and replacement of facilities totaled £88.3 million. Of this amount, £27.8 million was spent by BP and £60.5 million by Sohio, an all-time high.

# The Standard Oil Company (Sohio)

## Consolidated Income Statement

Expressed in £ million			
Year ended December 31			
	Including BP*	Excluding BP*	
	1969	1969	1968
	£m	£m	£m
<b>Revenues</b>			
Sales and operating revenue	587.7	413.3	366.7
Less gasoline and oil excise taxes	104.2	71.9	68.2
Net sales and operating revenue	483.5	341.4	298.5
Sales of purchased crude oil	23.1	23.1	20.6
Dividends, interest, and other income	7.1	4.4	5.0
	513.7	368.9	324.1
<b>Costs and expenses</b>			
Costs and operating expenses	337.6	220.8	193.3
Selling, general and administrative expenses	93.6	66.1	55.6
Depreciation and depletion	23.1	18.4	17.3
Income taxes	19.9	19.9	18.1
Taxes, other than income taxes	11.1	9.9	8.5
Interest expense	6.8	3.5	2.1
	492.1	338.6	294.9
<b>Net income</b>	21.6	30.3	29.2
Cash dividends paid :			
Preferred stock	0.4	—	0.4
Common stock	14.8	—	12.8

## Summarised Consolidated Balance Sheet

Expressed in £ million			
December 31			
	Including BP*		
	1969		1968
	£m	£m	£m
Property, plant and equipment after depreciation and depletion	393.5		204.9
Investments and other assets	58.4		13.1
Current assets	195.4		104.0
	647.3		322.0
Less :			
Current liabilities	132.0	61.1	
Long-term debt	104.9	36.0	
	236.9		97.1
Stockholders' equity	410.4		224.9

\*mainly BP Oil Corporation



## Subsidiary and associated companies

Note 1b on page 28 refers

This list contains the names of the more important subsidiary and associated companies of the group indicating group percentage of equity capital. Those held directly by the parent company are marked with an asterisk, the percentage being that of the group unless otherwise indicated.

		Country of incorporation	Per cent
<b>International</b>	*BP Trading	England	100
	BP Exploration	Scotland	100
	BP Exploration (Associated Holdings)	Scotland	100
	BP Chemicals	England	100
	*Société Internationale de Recherche BP (parent 90 per cent)	France	97
	*Tanker Insurance	England	100
<b>Shipping</b>	BP Tanker	England	100
	BP Clyde Tanker	England	100
	*BP Medway Tanker	England	100
	*BP Thames Tanker	England	100
	*BP Tyne Tanker	England	100
	*Lowland Tankers	England	50
	Nordic Tankships	Denmark	50
	Société Maritime des Pétroles BP	France	70
	*Warwick Tanker	England	50
<b>Europe</b>	UK Shell-Mex and B.P.	England	40
	Associated Octel	England	36·7
	Border Chemicals	England	66·67
	BP-California	England	50
	BP-California (Grangemouth)	England	50
	BP Chemicals (U.K.)	England	100
	BP Petroleum Development	England	100
	*BP Properties	England	100
	BP Refineries	England	100
	BP Refinery (Grangemouth)	Scotland	100
	BP Refinery (Kent)	England	100
	BP Refinery (Llandarcy)	England	100
	BP Refinery (Northern Ireland)	England	100
	Britannic Estates	England	100
	*Candles	England	27·75
	Direct Nitrogen	England	100
	Forth Chemicals	England	66·67
	Grange Chemicals	England	66·67
	Honeywill-Atlas	England	50
	*Joseph Batson	England	100
	*Lubricants Producers	England	20
	Murgatroyd's Salt and Chemical	England	100
	National Benzole	England	40
	Orobis	England	50
	Power Petroleum	England	40
	*Rankin, Kuhn	England	100
	Scientific Control Systems	England	100
	*Scottish Oils	Scotland	100
	Shell and BP Scotland	Scotland	40
	Synthite	England	49
	United Kingdom Oil Pipelines	England	23·75
	Austria *BP Benzin und Petroleum	Austria	100
	*Adria-Wien Pipeline	Austria	7·5
	*Erdöl Raffinerie	Austria	13
	*Transalpine Ölleitung in Österreich	Austria	11

		Country of incorporation	Per cent
Belgium	*Anglo-Belge des Pétroles	Belgium	100
	*BP Belgium (parent 77·1 per cent)	Belgium	100
	*Rotterdam/Antwerpen Pijpleiding (Belgie)	Belgium	27·78
	*Société Belge des Gaz de Pétrole	Belgium	50
	*Société Industrielle Belge des Pétroles	Belgium	50
Denmark	*BP Olie-Kompagniet	Denmark	100
	BP Gas	Denmark	100
Eire	BP Chemicals (Ireland)	England	100
	*Irish Refining	Eire	16
	Irish Shell and BP	Eire	40
Finland	*BP-Petko	Finland	100
France	*Société Française des Pétroles BP	France	70
	Distugil	France	50
	Naphtachimie	France	30
	Raffinerie de Strasbourg	France	23·25
	Société de Développement des Protéines	France	63
	Société du Pipe-line Méditerranée-Rhone	France	8·5
	*Société du Pipe-line Sud-Européen (parent 4 per cent)	France	6·75
Germany	*BP Benzin und Petroleum	Germany	100
	Aethylen-Rohrleitungs	Germany	25
	Deutsche BP und California	Germany	50
	Deutsche Transalpine Oelleitung	Germany	11
	Erdölchemie	Germany	50
	Gewerkschaft Norddeutschland	Germany	100
	Nord-West Oelleitung	Germany	26·5
	Oelwerke Julius Schindler	Germany	99·5
	Rhein-Donau Oelleitung	Germany	11
	Rhein-Main-Rohrleitungstransport	Germany	31
Gibraltar	*BP (Gibraltar)	England	100
Greece	*BP of Greece	England	100
Holland	*British Petroleum Maatschappij Nederland	Holland	100
	Benzine en Petroleum Handel Maatschappij	Holland	100
	British Petroleum Exploratie Maatschappij Nederland	Holland	100
	British Petroleum NV	Holland	100
	British Petroleum (Overzee)	Holland	100
	British Petroleum Raffinaderij Nederland	Holland	100
	Nederlandse Maatschappij voor Petroleumgassen Benegas	Holland	50
Italy	*BP Italiana	Italy	100
	*Dott. Edoardo Garrone Raffineria Petroli	Italy	20
	*Industria Raffinazione Oli Minerali	Italy	49
	*Societa Italiana per l'Oleodotto Transalpino	Italy	11

		Country of incorporation	Per cent
Luxembourg	BP Luxembourg	Luxembourg	100
	*Transalpine Finance Holdings	Luxembourg	11
Malta	*BP Malta	Malta	100
Norway	*Norsk Braendselolje	Norway	50
Portugal	*Companhia Portuguesa dos Petróleos BP	Portugal	100
Spain	*BP Española de Petroleos Atlantic	Spain	100
		Spain	100
Sweden	*Svenska BP BP Raffinaderi (Göteborg)	Sweden	100
		Sweden	100
Switzerland	*BP Benzin & Petroleum Raffinerie du Sud-Ouest	Switzerland	100
		Switzerland	24.4
Turkey	*BP Petrolleri	Turkey	100
	*Anadolu Tasfiyehanesi	Turkey	17
	*BP Overseas Refining	England	100
	*Kervansaray	Turkey	100

## Middle East

Abu Dhabi Marine Areas	England	66.67
Abu Dhabi Petroleum	England	23.75
Basrah Petroleum	England	23.75
BP (Abu Dhabi)	England	100
*BP (Aden)	England	100
*BP (Eastern Agencies)	England	100
BP Exploration (Middle East)	England	100
BP (Kuwait)	England	100
*BP Refinery (Aden)	England	100
Iranian Oil Exploration and Producing	Holland	40
Iranian Oil Refining	Holland	40
Iraq Petroleum	England	23.75
Kuwait Aviation Fuelling	Kuwait	20
Kuwait Chemical Fertilizer	Kuwait	20
Kuwait Oil	England	50
Mosul Petroleum	England	23.75
Oil Trading (Iran)	England	100
Qatar Petroleum	England	23.75



## Africa

	Country of incorporation	Per cent
*African Petroleum Terminals	USA	50
*BP Burundi (parent 90 per cent)	Burundi	100
BP Cameroun	Cameroon	100
BP Centre Ouest Afrique	Ivory Coast	98.5
*BP Congo (parent 90 per cent)	Congo	100
*BP East Africa Trading	England	100
BP Exploration (Libya)	England	100
*BP Gabon	Gabon	100
BP Ghana	Ghana	100
*BP Natal Trading	England	100
*BP Nigeria	Nigeria	100
*BP Nigerian Developments	Nigeria	100
*BP Rwanda	Ruanda	100
BP-Shell Petroleum Development – Kenya	Kenya	50
*BP Supergas (Nigeria)	Nigeria	100
*BP (West Africa)	England	100
*Central African Petroleum Refineries	Rhodesia	20.75
Consolidated Petroleum and its subsidiaries	England	50
*East African Oil Refineries	Kenya	25.5
*Nigerian Petroleum Refining	Nigeria	25
Offshore Petroleum Explorations (Nigeria)	Nigeria	50
Sentrachem	S Africa	19.67
Shell and BP South African Manufacturing	S Africa	33.75
Shell and BP South African Petroleum Refineries	S Africa	50
*Shell and BP (Sudan)	Sudan	50
Shell-BP Petroleum Development – Nigeria	Nigeria	50
*Société Africaine de Raffinage	Senegal	11.75
*Société des Pétroles BP d'Afrique Occidentale (parent 95 per cent)	Senegal	98.5
Société des Pétroles BP de Guinée	Guinea	98.5
*Société des Pétroles BP de Tunisie	Tunisia	100
*Société des Pétroles BP du Maroc	Morocco	100
Société Equatoriale de Raffinage	Gabon	3
*Société Ivoirienne de Raffinage	Ivory Coast	10.25
*Société Malgache de Raffinage	Malagasy	6.5
Trek Petroleum	S Africa	17.5

## India and Pakistan

*BP (Indian Agencies)	England	100
*BP (Pakistan)	England	100
Herdillia Chemicals	India	22.67

		Country of incorporation	Per cent
<b>Far East</b>			
Japan	*BP (Far East)	England	100
Malaysia	*BP Malaysia	W Malaysia	100
Singapore	*BP Refinery Singapore	Singapore	100
	*BP Singapore	Singapore	100
<b>Australasia</b>			
Australia	*British Petroleum Company of Australia	Australia	100
	BP Australia	Australia	100
	*BP (Fremantle)	England	100
	BP Refinery (Kwinana)	Australia	100
	C.S. BP & Farmers	Australia	33·33
	Frome-Broken Hill	Australia	33·33
	Kwinana Nitrogen	Australia	86·67
New Guinea	BP (New Guinea)	New Guinea	100
Fiji	BP (South-West Pacific)	Fiji	100
New Zealand	*BP (New Zealand)	New Zealand	100
	BP (Oil Exploration) New Zealand	New Zealand	100
	BP Shell Aquitaine and Todd		
	Petroleum Development	New Zealand	25
	New Zealand Refining	New Zealand	15
	Shell BP and Todd Oil Services	New Zealand	37·5
	Shell and BP Pipeline Services	New Zealand	50
Papua	Australasian Petroleum	Australia	31·25
	Island Exploration	Australia	31·25

		Country of incorporation	Per cent
<b>Western Hemisphere</b>			
Canada	*BP Canada (1969)	Canada	100
	BP Oil	Canada	100
	BP Exploration Canada	Canada	100
	British Petroleum Investments Canada	Canada	100
	BP Refinery Canada	Canada	100
	BP Tanker Finance Canada	Canada	49
	Triad Oil	Canada	62.5
	Triad Oil Manitoba	Canada	62.5
	Triad Petroleum Development	Canada	62.5
Colombia	BP Exploration (Colombia)	England	100
Trinidad	BP Caribbean	Trinidad	100
USA	BP Alaska	USA	100
	*BP (North America)	England	100
	*BP North American Finance	USA	100
	Standard Oil Company (Sohio)	USA	25

Sohio's main subsidiary companies :

Boron Oil  
 BP Eastern Pipeline  
 BP Oil Corporation  
 BP Pipeline  
 British Petroleum (Holdings)  
 Canadian Delhi Oil  
 Cardinal Vending  
 Fleet-Wing  
 Fremont Oil  
 Hospitality Motor Inns  
 Huron Liberian  
 Mountaineer Carbon  
 Old Ben Coal  
 Prospect International  
 Sohio-Iran Trading  
 Sohio Petroleum  
 Sohio Pipe Line  
 Sohio Venezuela  
 St. Helens Petroleum  
 Vistron



Dividend and interest  
payments

Ordinary Stock –	
Interim Dividend	Announced second Thursday in September, paid early November
Final Dividend	Proposed third Thursday in March, paid early May
8% First Preference Stock	Paid 31 January and 31 July
9% Second Preference Stock	Paid 31 January and 31 July
5% First Debenture Stock 1974/78	Paid 1 January and 1 July
6% Convertible Debenture Stock 1976/80	Paid 1 January and 1 July

Finance Act 1965 taxation  
of long-term capital gains

In certain circumstances, when a stockholder sells stock his liability to tax in respect of long-term capital gains is computed by reference to the market value of the stock on 6 April 1965. The market values of BP stocks at that date, for the purposes of the long-term capital gains tax, were :

*Ordinary stock	51s 3d per £1 unit of stock
8% first preference stock	22s 6¾d per £1 unit of stock
9% second preference stock	24s 10½d per £1 unit of stock
5% first debenture stock 1974/78	£84 per £100 stock
6% convertible debenture stock 1976/80	£93 per £100 stock

The Company is not a close company within the meaning of the Finance Act 1965.

\*Since 5 April 1965 there has been a rights issue of one for thirteen at 50s : the ex-rights date was 28 February 1966.

Form of proxy

O	P	V
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I, the undersigned, being a member of the above named company,  
hereby appoint \*the chairman of the meeting

as my proxy to vote for me and on my behalf at the annual general  
meeting of the company to be held on 30 April 1970, and  
at any adjournment thereof.

†I wish this proxy to be used as shown below

		For	Against
Resolution 1	To adopt the report of the directors and the accounts	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	To declare a dividend	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	To re-elect Mr W J Keswick a director	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	To re-elect Lord Cobbold a director	<input type="checkbox"/>	<input type="checkbox"/>

as set out in the notice of meeting

Dated this                      day of April 1970

Signed

Name and address (in block letters)

This proxy must be deposited at the registered office not less than 24 hours  
before the time of the meeting.

In the case of a corporation this proxy should be under its common seal or  
under the hand of an officer or attorney duly authorised in writing.

In the case of joint holders the signature of any one of them will suffice, but  
the names of all joint holders must be shown.

\*Delete if it is desired to appoint any other person and insert his/her name and  
address.

†Please indicate how you wish your proxy to vote with a tick in the appropriate  
box opposite each resolution. If no indication is given your proxy will be  
deemed to have the authority to vote as he thinks fit.

Fold



**The Registrar  
The British Petroleum Company Limited  
Britannic House  
Moor Lane  
LONDON EC2**

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